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DBF - BUDGET BRANCH
CENTRAL FILES

EXPLANATORY NOTES

OF

INCREASES, DECREASES, AND CHANGES IN LANGUAGE

IN THE BUDGET FOR THE

DEPARTMENT OF AGRICULTURE

FOR THE

FISCAL YEAR ENDING JUNE 30, 1939

AND OF

WORK DONE UNDER EACH OF THE APPROPRIATION ITEMS

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BUREAU OF BIOLOGICAL SURVEY

(a) SALARIES AND EXPENSES - PREAMBLE

CHANGE IN LANGUAGE

The Budget Estimates provide that language authorizing the purchase of bags, tags, and labels printed in the course of manufacture be changed to authorize "the purchase of printed bags, tags, and labels without regard to existing laws applicable to public printing." The Acting Comptroller General in decision A-84106, dated May 5, 1937, has held that the present language is not adequate to authorize the purchase of these articles elsewhere than from the Government Printing Office although this language was inserted in the Appropriation Act for 1922 by Congress for the purpose of authorizing such purchases. It is believed that the revised language will meet the objections which have been raised.

This paragraph has also been amended by substituting for the words "salaries and" and "labor" the general terms "persons and means in the City of Washington and elsewhere" in order to conform to the phraseology used elsewhere in the Appropriation Act.

(b) GENERAL ADMINISTRATIVE EXPENSES

Appropriation Act, 1938 - - - - -	\$110,000
Budget Estimate, 1939 - - - - -	<u>110,000</u>

PROJECT STATEMENT

Projects	1937	1938 (Estimated)	1939 (Estimated)
General administration and business service	\$94,900	\$110,000	\$110,000
Unobligated balance	100	-	-
Total appropriation.....	95,000	110,000	110,000

WORK UNDER THIS APPROPRIATION

This appropriation provides for the general administration, under the Chief and Associate Chief, of the research, control, regulatory, and service activities of the Bureau; and business administration, including fiscal and accounting matters, personnel, property, mail and files, and the coordination of divisional activities.

(c) FOOD HABITS OF BIRDS AND ANIMALS

Appropriation Act, 1938 - - - - -	\$68,140
Budget Estimate, 1939 - - - - -	<u>68,140</u>

PROJECT STATEMENT

Projects	1937	1938 (Estimated)	1939 (Estimated)
1. Investigations of economic relationships of birds and other animals	\$39,526	\$47,573	\$47,573
2. Investigations of bird depredations and methods of control.....	14,603	14,658	14,658
3. Development of methods of improving and propagating food and cover for migratory bird and upland game areas	5,900	5,909	5,909
Unobligated balance	611	-	-
Total appropriation	60,640	68,140	68,140

WORK UNDER THIS APPROPRIATION

General.-- Work under this appropriation embraces the detailed study of the food habits of native wild birds and animals for the purpose of determining their relationship to agricultural and other interests. Species of birds, mammals, amphibians, and reptiles having beneficial food habits are made known, their protection and increase urged, and information as to methods of attracting and increasing their numbers published. Studies, essential to the satisfactory conduct of game-management projects, are made of the food habits of game species, methods of propagation, and the character of the environment for supporting the maximum numbers and the possibilities of its improvement. Methods of propagating preferred species of food and cover plants are studied and means of controlling undesirable and competing plants devised. When it is determined that species of birds or animals have destructive habits, studies are made to determine the extent and seriousness of the damage and methods of control or preventive measures are recommended. Extensive files on the economic relationships of foreign birds and animals are maintained as an aid in the determination of departmental policy with respect to the importation of foreign species.

Information on food habits, methods of attracting birds, propagation of game birds, propagation of food and cover plants, and related subjects is published in various popular and scientific articles and also made available to the public through circulars, leaflets, and bulletins.

1. Investigations of Economic Relationships of Birds and Other Animals.--The work of this project is vital to a proper understanding of the economic status of various species of birds, mammals, and reptiles as they relate to agriculture, horticulture, and forestry. Through careful laboratory examination of the food contents of the stomachs of birds and other animals and through observations and investigations in the field, a composite picture is obtained of the food preferences and shelter requirements of the various kinds of game, fur animals, predators, and beneficial song and insectivorous birds. Such investigations and research into the food habits and cover requirements of the various wildlife species are a fundamental necessity both in appraising their economic status and in finding means of encouraging or discouraging their presence in a given area. On the basis of such research, means are devised for the improvement of natural food and cover conditions for beneficial species. These data form the basis for a determination of policies pertaining to the protection or control of the various wildlife species. The Migratory Bird Treaty Acts, as well as other Federal and State legislation pertaining to the protection of bird life, are based on this information. To meet constantly changing agricultural conditions and to obtain necessary information on the economic status of species not yet studied and also to aid in the administration of the Migratory Bird Treaty Act, this project is vitally necessary. Wildlife research, of which food habits studies are fundamental, is essential in order to obtain the maximum use of agricultural lands and to obtain the greatest use of the public domain.

During recent years there has been a rapidly growing public demand for information pertaining to bird life. Public interest in the preservation of wild animals and birds is also shown by the increase in local, State, and Federal funds appropriated for the purchase of wildlife refuges.

2. Investigations of Bird Depredations and Methods of Control.--Serious losses are caused by depredations of birds throughout the country, and investigations are necessary to determine the need for and extent of control, as well as to develop effective and selective methods for this purpose. This information is necessary to serve as a basis for the issuance of permits to destroy migratory game birds that are responsible for damage. Investigations often reveal simple and effective preventive methods that make extreme measures of control unnecessary. Scientific investigations establish with certainty the species of birds involved in reported depredations and thereby the destruction of innocent species is frequently averted. In some sections it is virtually impossible to raise certain needed crops without some control or application of preventive measures. Research and experimentation are becoming increasingly necessary to control gregarious species, such as the European starling, that roost on buildings and trees in urban centers.

Responsibility for the control of protected migratory species is, under the terms of the Migratory Bird Treaty Act, an obligation of the Federal Government. In the interest of wildlife, Federal guidance and cooperation with State and local Governments in directing control are urgently needed.

3. Development of Methods of Improving and Propagating Food and Cover for Migratory Bird and Upland Game Areas.--The development and maintenance of an adequate supply of food and cover are the first essentials of good wildlife management, and it is to this end that funds under this

project are devoted. Efforts to restore favorable conditions for game species and other forms of wildlife require detailed knowledge of methods and means for maintaining adequate food supplies at all seasons and the development of proper cover types to insure balanced habitats for every month of the year. For the restoration of waning species of birds and animals and for the perpetuation of all species of wildlife the studies conducted under this project are basic and indispensable.

The work not only involves fundamental research in planting and propagation of desirable wildlife foods but also includes studies to ascertain means of controlling undesirable or worthless plants which compete for dominance in wildlife habitats. Disease, climatic, and other factors frequently completely wipe out food resources from important wildlife areas. Investigation to determine the best means of restoring food supplies in such areas is an important phase of the work conducted under this project.

Cooperation is maintained with State and other wildlife agencies engaged in managing wildlife areas. Results of experimental plantings of food and cover on numerous refuges and game preserves are compiled and utilized in furnishing regional data on wildlife food propagation.

The establishment or restoration of a game species in sporting numbers is not only a boon to the American sporting public but may also be an economic factor of major importance. Worn-out farm lands may be made productive through proper management practices. The restoration and abundance of any species is primarily based on making available appropriate food and cover.

(d) FUR-RESOURCES INVESTIGATIONS

Appropriation Act, 1938	\$66,000
Budget Estimate, 1939	<u>66,000</u>

PROJECT STATEMENT

Projects	1937	1938 (Estimated)	1939 (Estimated)
1. Fur-animal restoration and production investigations.	\$11,215	\$21,304	\$21,304
2. Breeding, feeding, and management investigations in fur-animal production (Saratoga Springs, N.Y.)..	38,911	16,060	16,060
3. Breeding, feeding, and management investigations in rabbit production (Fontana, Calif.)	12,430	12,366	12,366
4. Investigations of diseases of fur animals	15,912	16,270	16,270
Unobligated balance	144	- - -	- - -
Transferred from "Migratory Bird Conservation Refuges" ...	-1,000	- - -	- - -
Total appropriation	77,612	66,000	66,000

WORK UNDER THIS APPROPRIATION

General.--The work under this appropriation consists of research in connection with the production, conservation, and utilization of fur animals, including rabbits for meat and fur, and the dissemination of this information through bulletins, periodicals, and leaflets to those conducting these enterprises. Methods employed in the production of fur farms and protected areas are investigated and studies are made of methods of breeding, feeding, and handling fur animals in captivity on farms. Research is conducted in the diseases of fur animals and rabbits to ascertain causes and develop methods of treatment and prevention so as to minimize losses to breeders from such causes. Fur-animal experiment stations are operated near Saratoga Springs, N. Y., and on the Blackwater Refuge, Md., and a rabbit experiment station is maintained at Fontana, California. From the results of studies conducted at these stations recommendations are made for the guidance of fur farmers and fur tradesmen.

1. Fur-Animal Restoration and Production Investigations.--The objects of this project are: (1) In view of the commercial importance of fur in industry, to emphasize the need of maintaining the supply of raw material; (2) to explain methods by which this supply may not only be maintained in quantity but improved in quality; and (3) to conduct research in the field, laboratory, and on experimental farms in the production of fur animals. Results are obtained by conducting complex and comprehensive experiments designed to determine fundamental principles of fur-animal production and fur utilization. The researches made include (a) feeds and feeding; (b) genetics; (c) embryology; (d) fur technology; (e) economic problems in management and operation; (f) fur cleaning and storage; and (g) statistics. Surveys are made of areas in which fur animals are found naturally to determine the status of these animals and their relation to other forms of wildlife, the advisability of restocking, methods of trapping alive for restocking, and adjustment to other forms of wildlife.

The country's fur resources are dwindling at an alarming rate. The restoration and conservation of this valuable resource, yielding an annual income of \$65,000,000 mostly to farmers and farmers' sons, can be satisfactorily accomplished only when most of the fundamental facts of breeding, gestation, and prime-fur periods of all our fur animals are known and the public is made aware of the extreme necessity for conservation with proper use. The open seasons for taking fur animals have been and still are established by hit-or-miss methods and not by scientific findings. If scientific data were available for the periods mentioned above and protective laws were based on such information, the numbers and quality of fur animals taken annually would increase rapidly.

2. Breeding, Feeding, and Management Investigations in Fur-Animal Production (Saratoga Springs, New York).--This project deals chiefly with research in feeding, breeding, and handling fur animals in captivity. Experiments are conducted with various species to determine the most satisfactory methods of raising fur animals in captivity; to ascertain conditions under which the various species can be raised profitably and produce good fur; to develop improved strains by selective breeding; and to learn the breeding, gestation, whelping, and prime-fur periods. The Saratoga Springs station is not operated as a farm for commercial profit through the sale of

either breeding stock or pelts, but all energies are directed to developing economical methods of producing fur of fine quality. This is accomplished by conducting experiments in feeding, breeding, and management with the various species of fur animals. Observations are also made on fur farms in the United States and foreign countries. The surplus animals at the Saratoga Springs station are pelted, but the proceeds from the sale of skins are deposited in the United States Treasury and are not available for expanding the work of the station. No live animals are sold for any purpose.

3. Breeding, Feeding, and Management Investigations in Rabbit Production (Fontana, California.)--Work under this project consists of research to develop improved methods of breeding, feeding, housing, management, and judging rabbits for the purpose of assisting those engaged in the business to produce profitably meat and fur of fine quality; to produce rabbit meat so economically that it can be sold at a price that will be well within the range of the consumer; to improve the quality of fur so that it will be in demand by the fur trade; and to determine the relative value of rabbit manure in comparison with other manures.

Carefully planned experiments in the feeding and breeding of rabbits are conducted at the Fontana station. At present the specific experiments have for their purpose the determination of the feasibility of using whole grains in rabbit feeding, the relative value of various protein supplements, adaptability of selective self feeder, possible nutritional causes of so-called "bloat" responsible for enormous losses to rabbit producers, development of a superior strain of breeding rabbits, and various factors conducive to production of better skins adaptable to furriers' use. The experiments are progressive and so outlined as to render the most service toward solving the current problems of rabbit producers.

Many million pounds of domestic hutch-raised rabbit meat are produced annually in the United States. Every State raises some, but in many sections of the country their real worth is not yet appreciated. Expansion on a sound yet conservative basis is now assured.

This is a cooperative undertaking with the Fontana Farms Company and the local rabbit breeders' organization. The equipment furnished by the Fontana Farms Company includes a five-acre tract of orange grove, administration building, with offices and accommodations for laboratories, a residence for the director and his family, and various open and closed types of rabbit houses. The rabbit breeders donated the original stock. Closely cooperating with the station are the Fontana Farms Company, national and State organizations, and scientific societies and institutions, as well as agricultural colleges concerned with the development of rabbit raising.

4. Investigations of Diseases of Fur Animals.--The work under this project consists of investigations of diseases of fur animals and rabbits. Fur producers are seriously hampered in the conduct of their operations by sudden and extensive outbreaks of infectious diseases. Since most of these diseases are new and not fully understood in other animals, intensive research intended to reduce such losses is being conducted. Much of this research must necessarily be done in a well-equipped laboratory, and the facilities of the Medical School of the University of Minnesota are utilized for field headquarters in the Central States. With the development of the Biological Survey's portion of the Beltsville Research Center, a portion of this work can

be done at that place. A laboratory is maintained in California for disease studies. Research is conducted in conjunction with cooperating institutions for the reduction of abnormal losses in fur animals so that the fur resources of the country will not be seriously depleted.

(e) BIOLOGICAL INVESTIGATIONS

Appropriation Act, 1938 - - - - - \$171,149
 Budget Estimate, 1939 - - - - - 171,149

PROJECT STATEMENT

Projects	1937	1938 (Estimated)	1939 (Estimated)
1. Life-history, taxonomic, and distributional studies of wildlife	\$37,457	\$37,971	\$37,971
2. Game management surveys	28,447	28,000	28,000
3. Research in wildlife management (cooperative)	41,881	60,000	60,000
4. Investigations of wildlife resources of Alaska	11,509	12,690	12,690
5. Research in forest wildlife relationships	15,649	30,738	30,738
6. Investigations of diseases of wildlife (other than fur animals and birds)	1,694	1,750	1,750
Unobligated balance	1,512	-	-
Total appropriation	138,149	171,149	171,149

WORK UNDER THIS APPROPRIATION

General.--Field and laboratory investigations are made of the distribution, migration, classification, life history, and relations of wild animals and birds and of the natural life zones of the Continent. This work provides the sound basis of scientific facts required for use in the regulatory, economic, educational, and other work of the Bureau. It includes a special study of the relationships of wildlife to forest and grazing ranges, including investigations of game and fur-animals as sources of profit on marginal or other lands, and investigations of the wildlife resources of Alaska, with particular attention to game species and fur-animals and to the muskoxen introduced into the Territory. The continuance of these investigations is essential as a basis for effective conduct of the scientific, educational, control, and regulatory work of the Bureau.

1. Life-History, Taxonomic, and Distributional Studies of Wildlife.--The work conducted under this project is for the purpose of procuring and publishing definite information concerning the classification, habits, distribution, and relationships of the birds and animals of the United States and its possessions. This information is needed to assist in the conservation of valuable species, the control of harmful animals, and the development of sound management and administrative practices. These field and



laboratory investigations supply information which is constantly desired by institutions and individuals throughout the country, as well as by Government departments, and much of the work of the Bureau is based upon results of investigations conducted under this project. The information obtained and furnished by this project is necessary not only for proper determination and administration of wildlife policies, but also in studying the relations of wildlife to agriculture, stockraising, forestry, and public health.

2. Game Management Surveys.---Studies are made of game and fur-animals on national forests, wildlife refuges, and other Federal lands, and also by applicable laboratory research, as a basis for plans to increase the production of these valuable products as a supplementary land crop. Information is obtained regarding present numbers of these species, their food and cover requirements, feeding and breeding habits, and the relationship to other species and to their environment, to livestock grazing, and to other agricultural practices in the use of land to obtain maximum production for food, fur, and recreation. The object is the preparation of management programs that will make possible optimum production, sustained yield, and profitable use of these wildlife resources as an annual crop on Federally-owned lands and to determine principles of wildlife management that may be applied on State and private lands in the restoration and maintenance of sufficient production to meet the increasing recreational and industrial demand. Increased and insistent demands for technical assistance and guidance in working out management practices and programs are coming from all agencies of the Federal Government responsible for land administration and from State game commissions, conservation agencies, State planning boards, and farmers' organizations. The information is also required by the Biological Survey for use in establishing and managing its comprehensive system of wildlife refuges. Practical and efficient handling of wildlife can be developed only after adequate field surveys of big-game animals, upland game, fur-animals, and other wildlife resources of the specific areas of forest and grazing land and the correlation of wildlife production with other local land uses. This research provides concrete management programs and practices for the building up of our wildlife resources.

3. Cooperative Research in Wildlife Management.---The work conducted under this project is based on a plan for cooperative effort between the Biological Survey, the land-grant colleges, the State game or conservation departments, and the American Wildlife Institute in carrying on scientific research, practical demonstration, and educational work in wildlife problems in the principal natural wildlife regions of the United States. The leader of each unit is an employee of the Biological Survey who works in cooperation with these agencies.

Research studies on specific problems are providing a scientific basis for wildlife management in those natural wildlife areas of the United States where units are now established. While the work is comparatively new, the present units are already furnishing scientific information helpful to game, forestry, and agricultural administrations for sound management and use of game species.

The first underlying objective throughout the whole program is to conduct the work in such a manner that investigations undertaken and results obtained, management practices arrived at, and recommendations made will gear into regular land use for agriculture, grazing, and forestry practices and will be practical. To this end cooperation is secured from such activities as forestry, farm economics, farm management, range management, and soils and crops. The cooperating units not only deal with agricultural lands but have problems peculiar to forest wildlife and to animals of the open range.

The second fundamental objective of the work is to translate the findings of the investigations into actual management object lessons as rapidly as results warrant. To this end every present regional unit has under way one or more demonstration areas on both publicly-owned land and privately-owned land where the application of practical measures is being worked out.

The third objective is to see that investigational results and demonstration work are carried to the people through their game administrations and through the county agents, Smith-Hughes groups, 4-H Clubs, etc. At least five of the units are now using part time of forestry and poultry extension specialists for such work and two units have a full-time wildlife extension specialist.

4. Investigations of Wildlife Resources of Alaska.---The work undertaken under this project consists of studies of the game, fur animals, and other interesting and valuable species native to the Territory of Alaska, of restocking and management possibilities for valuable wildlife, of the food resources available for wildlife, and of the relationship of grazing and browsing animals to the welfare of the vastly important wildlife resources of the Territory. Management plans for guidance in administration are being developed based on the results of these investigations.

5. Research in Forest Wildlife Relationships.---Intensive work on the relation of wildlife to forested areas is being conducted in cooperation with the Forest Service at the research stations set up under this project in Minnesota, California, and Mississippi, and is well under way in newly established stations in Connecticut and Oregon. This work has been spread insofar as possible to the States surrounding these stations where the environmental factors are similar. Investigations are under way regarding the intricate relationships which exist between plants, animals, and birds and their relationship to domestic animals maintained on the areas. Such problems as the role of rodents and birds in forest reproduction, both by destruction of seeds and seedlings and as planting agencies, the range-carrying capacities for big-game animals such as deer and elk, and the competition that exists between various kinds of wildlife and domestic stock are being studied.

6. Investigations of Diseases of Wildlife (Other than Fur Animals and Birds).---Under this project investigations on diseases of wildlife, such as rabbits, hares, big game, and other species, are conducted. This work is done largely in the field where outbreaks are reported, and the examination of specimens and material are made in our pathological laboratories.

Investigations are made to learn definitely the causes of specific ailments taking an important toll from valuable species in the field and where animals are maintained under controlled conditions. The objects of the project are to determine the exact cause and nature of the disease and to develop such methods of control as may be practically applied.

(f) CONTROL OF PREDATORY ANIMALS AND INJURIOUS RODENTS

Appropriation Act, 1938 - - - - - \$612,000
 Budget Estimate, 1939 - - - - - 612,000

PROJECT STATEMENT

Projects	1937	1938 (Estimated)	1939 (Estimated)
1. Investigations of methods of control for predatory animals and injurious rodents	\$32,077	\$35,500	\$35,500
2. Control of injurious rodents	227,015	238,500	238,500
3. Control of predatory animals	335,509	338,000	338,000
Unobligated balance	5,399	- - -	- - -
Total appropriation	600,000	612,000	612,000

WORK UNDER THIS APPROPRIATION

General.--Investigations and experiments are conducted to determine and demonstrate the best methods of bringing under control on national forests and other areas of the public domain, as well as on State, Territorial, and privately-owned lands, mountain lions, wolves, coyotes, bobcats, prairie dogs, gophers, ground squirrels, jack rabbits, and other animals injurious to agriculture, horticulture, forestry, animal husbandry, wild game animals, fur-bearing animals, and birds and for the protection of stock and other domestic animals through the suppression of disease carried by predatory or other wild animals. Campaigns for the control of such animals are carried on in cooperation with States, individuals, and public and private agencies, organizations, and institutions.

Prairie dogs, ground squirrels, and other rodents cause great losses to farm crops and forage, and coyotes, mountain lions, wolves, and bobcats each year kill livestock, game, and poultry and serve as hosts for insects which may transmit sylvatic plague, tularemia, relapsing fever, and Rocky Mountain spotted fever to man throughout the western portion of the United States. Rats destroy foodstuffs and spread disease in the cities and rural sections of the entire United States, particularly the East and South. Field mice cause heavy losses in orchard sections of New England and the Atlantic seaboard by girdling and destroying apple and other fruit trees.

1. Investigations of Methods of Control for Predatory Animals and Injurious Rodents.--Under this project important investigations are conducted to scientifically determine and improve methods of controlling predatory animals and injurious rodents. A laboratory is maintained at Denver,

Colorado, and four field investigators are engaged on this work in different sections of the West. Experiments and tests are conducted in the field and laboratory to develop methods of control that will be practical, economical, and efficient and at the same time result in a minimum of danger to harmless or valuable species of wildlife. Investigations of new and improved scientific methods of control constitute one of the most important parts of the field operations, and it is necessary that research keep pace with the changing conditions and requirements.

2. Control of Injurious Rodents.—Rodent-control work is conducted under cooperative agreements with States, counties, livestock and farm associations, and individuals. The depredations of rodent pests such as prairie dogs, jack rabbits, ground squirrels, pocket gophers, and brown rats result in serious losses annually to forage and farm products and in many areas are the primary and contributing factors in serious soil erosion. The Biological Survey is being called upon to a greater extent each year to supervise extensive rodent-control operations on lands under the jurisdiction of the Forest Service, the Farm Security Administration, and Soil Conservation Service, in the Department of Agriculture; the Indian Service, the Division of Grazing, and the Bureau of Reclamation, in the Interior Department; as well as on refuges administered by the Bureau of Biological Survey.

3. Control of Predatory Animals.—Under this project a program of work is carried on for the control of coyotes, bobcats, mountain lions, wolves, and other predators in areas where their depredations cause great loss to livestock, game, and poultry. The Federal Government has a distinct obligation in the control of predatory animals because of the fact that they breed and range largely on Federally-owned lands, including national forests, Indian reservations, and the public domain. Private ranchers are unable to cope with the situation to provide funds to control these pests on the vast areas of public lands scattered throughout the West.

Wolf depredations to the reindeer herds in Alaska have become so severe that the Bureau has found it necessary to lend some assistance. Through a temporary arrangement with the Reindeer Service and the Indian Service of the Department of the Interior, one of the Biological Survey's experts was assigned to Alaska on August 1, 1936.

(g) PROTECTION OF MIGRATORY BIRDS

Appropriation Act, 1938 \$315,000
 Budget Estimate, 1939 315,000

PROJECT STATEMENT

Projects	1937	1938 (Estimated)	1939 (Estimated)
1. Enforcement activities under the Migratory Bird Treaty Act.	\$218,515	\$235,000	\$235,000
2. Enforcement activities under the Lacey Act	27,108	29,000	29,000
3. Investigations of the distribution, migration, and abundance of migratory game and other birds protected by the Migratory Bird Treaty Act.	49,963	51,000	51,000
Unobligated balance	4,414	- - -	- - -
Total appropriation	300,000	315,000	315,000

CHANGE IN LANGUAGE

In order to strengthen the law enforcement work under this appropriation, language has been submitted in the Budget estimates authorizing the expenditure of not to exceed \$5,000, in the discretion of the Secretary of Agriculture, for the purpose of securing information concerning violations of laws for the enforcement of which this appropriation is made available, without regard to existing regulations and limitations applicable to such items. This language will permit expenditures to meet emergencies of a confidential character, when approved by the Secretary of Agriculture. The necessary undercover work which must be performed in an effort to obtain information or evidence against out-of-season hunters and persons illegally selling or shipping wild ducks, geese, other game or contraband skins of fur-animals cannot be successfully prosecuted without such authority. Similar authority has been given to certain other agencies of the Federal Government engaged in law enforcement or the detection of crime.

WORK UNDER THIS APPROPRIATION

General.--The purpose of this appropriation is the enforcement of the Migratory Bird Treaty Act enacted by Congress July 3, 1918 (16 U.S.C. 703-711), to carry into effect the treaty with Great Britain for the protection of birds migrating between the United States and Canada, and the Act approved June 20, 1936 (16 U.S.C. 703-709a), to carry into effect the convention between the United States and the United Mexican States for the protection of migratory birds and game mammals; the enforcement of the so-called Lacey Act, as amended by the Act of June 15, 1935 (18 U.S.C. 391-394), and the administration of Section 1 of the Act of May 25, 1900 (16 U.S.C. 701), relating to the introduction, distribution, preservation, and restoration of wild birds and the collection and publication of useful information as to their propagation, use, and preservation.

Work under the Migratory Bird Treaty Act includes the determination of open and closed seasons for migratory game birds and the maintenance of a force of game-management agents throughout the country for the protection of migratory game and non-game species. Investigations are made of the abundance, migratory movements, and conditions which affect ducks, geese, and other migratory birds protected under the Migratory Bird Treaty Act.

The Act of March 4, 1909, as amended by Act of June 15, 1935, prohibits the importation into the United States of birds and mammals which may be injurious to agriculture or horticulture, provides for regulating the entry of other foreign wild mammals and birds into this country, and prohibits the transportation in interstate commerce of game and wild animals killed or shipped in violation of local laws.

1. Enforcement Activities under the Migratory Bird Treaty Act.--Under the Migratory Bird Treaty with Great Britain and the convention between the United States and Mexico, the Department of Agriculture is charged with the enforcement of Federal laws protecting birds. Drainage projects, agricultural and commercial development, and drouth conditions have greatly diminished the breeding, resting, and feeding grounds of many species of migratory birds, particularly waterfowl. With the diminution in the number of acres of wild-bird habitat there has been a proportionate increased concentration of birds in the remaining areas, with the result that hunters have found it easier each year to locate large numbers of wild fowl for the purpose of hunting them. The necessity for more rigid enforcement of the Migratory Bird Treaty Act has increased accordingly, in order to protect the birds from violations of the law during the open seasons and to give them adequate protection on their breeding and feeding grounds, as well as to prevent illegal slaughter by market hunters.

Under the present system of Federal game-law enforcement the United States is divided into nine regions, and a Regional Director directs the activities of law-enforcement personnel within each region. The field force includes 40 U. S. game-management agents and 2 cooperative agents who enforce the Federal game laws in their respective districts throughout the United States. This force of officers is augmented by 18 U. S. deputy game-management agents employed for the most part for a period of six months during the open hunting season and while the migratory birds are wintering in this country. These deputy agents are divided into mobile squads of from two to four men and are assigned to duty where their services are most needed.

2. Enforcement Activities under the Lacey Act.--The Biological Survey is charged with the enforcement of the Lacey Act (18 U.S.C. 391-394), as amended by the Act of June 15, 1935 (18 U.S.C., Supp. I, 392-394), to prohibit the importation of wild birds and mammals which may be injurious to agriculture or horticulture and to enforce the provision prohibiting the transportation in interstate commerce, by any means whatever, of game killed or shipped in violation of local laws. The suppression of illegal interstate shipments of wild animals or parts thereof is of inestimable benefit to the various States and is of great value in assisting in the maintenance of supplies of fur animals and game. The records of fur dealers, express companies, etc., are examined for the purpose of obtaining evidence

of such illegal shipments with a view to prosecution. If it were not for the vigilance of the Federal personnel engaged in this particular work, the maintenance of an adequate supply of beaver and other highly valuable fur animals would be greatly endangered. Inspection service maintained at principal ports of entry for the purpose of stopping the introduction into this country of injurious species of wild birds and mammals is vital to the welfare of the farmer and horticulturist.

3. Investigations of the Distribution, Migration, and Abundance of Migratory Game and Other Birds Protected by the Migratory Bird Treaty Act.-- Investigation of the abundance, distribution, and migration of North American game and other birds for the purpose of determining accurately the limits of their breeding and wintering ranges, times of migration, flyways, and routes to and from breeding and wintering quarters, together with the changes in these ranges and routes that are brought about by natural causes or the works of man, are conducted under this project. The possession of such knowledge is vital to a sound regulatory policy concerning the game species.

Through the services of volunteer cooperators, aided and directed by professional biologists on the staff of the Bureau, there is collected each year information relative to the various species of native birds. This is accomplished by special work in the field by Bureau employees, by the reports of observers, by the work of about 2,000 banding stations scattered over the United States and Canada, and by the compilation of material published in contemporary literature. Range maps are prepared from these data and reports are published on the different groups, while annual studies of the status of migratory waterfowl are the basis for the regulatory action of the Department governing the taking of these birds for food and sport.

(h) ENFORCEMENT OF ALASKA GAME LAW

Appropriation Act, 1938 - - - - -	\$130,798
Budget Estimate, 1939 - - - - -	<u>130,798</u>

PROJECT STATEMENT

Projects	1937	1938 (Estimated)	1939 (Estimated)
Enforcement of Alaska Game Law	\$129,937	\$130,798	\$130,798
Unobligated balance	861	- - -	- - -
Total appropriation	130,798	130,798	130,798

WORK UNDER THIS APPROPRIATION

The Alaska Game Law, approved January 13, 1925 (48 U.S.C. 192-211), was enacted to give greater protection to the wildlife resources of the Territory, including game animals, land fur animals, and birds, which constitute a national rather than a local concern. Under this Act was established the

Alaska Game Commission of five members, one from each of the four judicial divisions, who are appointed by the Secretary of Agriculture for terms of four years. The fifth member of the Commission, who acts as executive officer, is the chief representative of the Bureau of Biological Survey resident in Alaska.

The Alaska Game Commissioners meet annually for the purpose of digesting the great number of statements, petitions, and requests sent in by residents of the Territory, and after balancing these data with the reports of the warden personnel, proceed to make recommendations to the Secretary of Agriculture, which recommendations form the basis of changes in regulations for the protection of Territorial wildlife. These regulations become effective 90 days after publication by the Secretary of Agriculture.

The Territory of Alaska, which embraces an area of more than 586,000 square miles, is one-fifth the size of the continental United States and nearly equals in extent the combined area of Montana, Wyoming, Colorado, New Mexico, and Arizona. Alaska is rich in wildlife resources and is recognized as one of the outstanding game regions of the world for wilderness game animals and, in addition, produces vast numbers of fur animals, both of which contribute to the food and economic benefits of the residents, including the natives, who depend to a large extent upon these resources for their existence. Included among the game animals found in the Territory are moose, caribou, mountain sheep, mountain goat, Sitka deer, large brown and grizzly bear, and transplanted Olympic elk, American bison, and Greenland muskox. The large brown and grizzly bears of Alaska are the largest carnivorous animals in the world and their perpetuation is of the utmost importance. The big-game animals of Alaska produce for the benefit of the Territory an average annual income as a source of meat supply amounting to about \$570,000. A further revenue to the Territory is derived from non-resident hunters, of whom about 200 annually visit the Territory to hunt and photograph the game, and while there each hunter spends approximately \$1,250 for transportation, guides, packers' supplies, etc., making a total income from this source of about \$250,000 a year.

The land fur animals include beaver, muskrat, marmot, squirrel, several species of fox, lynx, marten, mink, weasel, land otter, wolverine, polar bear, black bear, including its brown and blue (or glacier bear) color variations, wolves, coyotes, and hares. The wildlife resource showing the largest visible cash return is the fur-animal population, which during the past ten years has produced more than twenty-four million dollars for the benefit of the residents of the Territory.

Most of the migratory game birds using the Pacific coast flyways come from the vast breeding and nesting areas of the Territory, and many species found breeding in Alaska are not known to breed elsewhere on the continent. Such unusual and valuable forms as the Emperor, cackling, white-fronted, Hutchins', and white-cheeked geese and black brant rear their broods in Alaska. Whistling swan and sandhill cranes nest commonly in the areas along the tundra behind the Bering and Arctic seacoast. Thousands of mallards, pintails, baldpates, green-winged teal, scaup, and other ducks leave Alaska each fall to furnish shooting for sportsmen of the States, their routes of migration and their early departure from the Territory resulting in only a figurative handful being killed by Alaskans. Vast numbers of the larger, more important shorebirds, such as curlews,

godwits, golden and black-bellied plovers, yellowlegs, Wilson snipe, turnstones, dowitchers, and sandpipers find ideal nesting areas there. Three varieties of ptarmigan and five of grouse are native to Alaska and contribute largely to the food supply of the residents.

To these valuable wildlife resources of the Territory the Alaska Game Law furnishes Federal protection and at the same time gives the local residents a voice in the conservation and perpetuation of the species through representation by the Alaska Game Commissioners.

The exceedingly valuable wildlife resources of Alaska can not be maintained for posterity except by the work of the Alaska Game Commission through its limited force of twelve full-time wardens. These wardens annually travel many thousands of miles by snow shoe, dog team, river boat, patrol vessel, commercial steamer, and airplane. The Commission maintains a fleet of nine boats ranging in size from a 114-foot sea-going motorship to small boats for patrolling rivers and inland waterways.

The gross receipts during the fiscal year 1937 from licenses, fines, and forfeitures were \$54,867. As provided by the Alaska Game Law, fifty percent of this sum was covered into the Treasury as "Miscellaneous Receipts" and fifty percent was turned over to the Treasury of the Territory for the Territorial School Fund.

(i) MAINTENANCE OF MAMMAL AND BIRD RESERVATIONS

Appropriation Act, 1938 - - - - -	\$450,000
Budget Estimate, 1939 - - - - -	447,500
Decrease - - - - -	<u>2,500</u>

PROJECT STATEMENT

Projects	1937	1938 (Estimated)	1939 (Estimated)	Decrease
1. Maintenance of mammal reservations	\$119,520	\$135,000	\$135,000	- - -
2. Maintenance of bird refuges ...	160,766	261,500	259,000	-\$2,500
3. Maintenance of Upper Mississippi River Wildlife Refuge ...	34,688	35,500	35,500	(1)
4. Maintenance of Bear River Migratory Bird Refuge	17,530	18,000	18,000	- - -
Unobligated balance	3,268	- - -	-	- - -
Total appropriation	335,772	450,000	447,500	-2,500

DECREASE

(1) A reduction of \$2,500 in the project "Maintenance of bird refuges" has been offset by the transfer to "Salaries, Office of the Secretary", of a like amount for the Office of Land Use Planning.

WORK UNDER THIS APPROPRIATION

General.--Work under this appropriation consists of the administration of wildlife refuges which were selected for their suitability for forms of wildlife that had become greatly reduced in numbers or where notable colonies of birds or mammals requiring protection existed. Eight big-game preserves and three big-game ranges have been established, and others are being established. On four of these preserves herds of buffalo, elk, and other big-game animals are maintained under fence. The administration of the Upper Mississippi River Wildlife Refuge, the Bear River Migratory Bird Refuge, and other bird refuges is carried on under this appropriation. The administration and maintenance of these refuges consist of general administration of the refuges; their patrolling and posting; construction of improvements thereon, when funds are available, such as buildings; fences; dikes, dams, and reservoirs for water conservation; watering places for animals; roads and trails, etc.; repair of such improvements; raising of hay and the feeding of big-game animals; propagation of aquatic food plants and raising of grain for waterfowl; reforestation and fire prevention and control; removal of surplus animals; and restocking of areas through the transfer of big-game animals from other points. It is the responsibility of the Biological Survey to give protection to wildlife on these refuges, which have been established under Acts of Congress and by Executive orders. The sum of \$31,622.80 was deposited in the U. S. Treasury during the fiscal year 1937 as the result of sale of surplus products from the wildlife refuges.

1. Maintenance of Mammal Reservations.--Big-game refuges are maintained for the perpetuation of valuable species of wildlife which were facing extinction prior to the establishment of preserves for their protection, such as buffalo, elk, antelope, desert bighorns, and other species. Herds of buffalo and elk, and in some instances other species, are maintained in fenced pastures on the Bison Range, Sullys Hill, Niobrara, and Wichita Refuges. The Elk Refuge is maintained for the production of forage for large numbers of elk in the southern Yellowstone herd that winter in the Jackson Hole region. The Hart Mountain and the Chas. Sheldon Antelope Refuges include the summer and winter ranges of some 4,000 antelope and large numbers of mule deer and sage grouse. The San Andreas Big Game Refuge and the Desert Game Range are important areas for the protection of Mexican bighorns and Nelson Rocky Mountain sheep, respectively, and the proposed Cabeza Prieta Game Range will also protect different species of rapidly vanishing desert bighorns. The Nunivak Island Game Range in Alaska is the home of muskoxen, cari-deer (a cross between caribou and reindeer), and reindeer.

In the administration of the refuges, fences, roads, trails, and lookout towers are maintained, water supplies are developed and conserved, and range management is practiced for the protection and production of forage under the best plans that can be devised for the particular areas. The areas are protected from trespass and all wildlife in addition to the primary species is given protection except when necessary to control predators.

Big-game Animals on Fenced Preserves Administeredby the Biological Survey (as of June 30, 1937).

	<u>Buffalo</u>	<u>Elk</u>	<u>Mountain</u> <u>Sheep</u>	<u>White-tailed</u> <u>Deer</u>	<u>Mule</u> <u>Deer</u>	<u>Antelope</u>	<u>Total</u>
Bison Range, Mont. . .	439	*134	41	*52	*160	-	826
Fort Niobrara, Nebr..	140	* 35	-	7	2	-	184
Sullys Hill, N.Dak. .	23	* 39	-	11	-	-	73
Wichita Mts., Okla. .	344	*241	-	*686	-	4	1,275
Total	946	*449	41	*756	*162	4	2,358

* Estimated

In addition to the big-game animals, there are 123 longhorn cattle on the Wichita Mts. Wildlife Refuge, Okla., and 10 of these animals on the Fort Niobrara Game Preserve, Nebr.

2. Maintenance of Bird Refuges.---Work under this project consists of rehabilitating, developing, and administering areas that have been set aside primarily for migratory waterfowl and other birds. The work includes patrolling and posting refuges; construction of improvements, when funds are available, such as buildings, fences, dikes, dams, and reservoirs for water conservation, and roads and trails where necessary; propagation of aquatic food plants and raising of grain for waterfowl; reforestation and fire prevention and control; biological rehabilitation of refuge areas; and other work tending to the protection and increase of the various species frequenting the refuges.

Among the more important refuges administered or to be administered under this project are the White River Refuge, Arkansas (100,706 acres), protecting one of the greatest winter concentration areas of mallards in the United States; Sacramento Refuge, California (10,775 acres), a great goose wintering area; the Delta and Sabine Refuges in Louisiana (48,735 and 139,249 acres, respectively), wintering refuges of increasing importance; the Seney Refuge, Michigan (74,550 acres), an important black-mallard producing area; Red Rock Lakes Refuge, Montana (26,138 acres), an excellent duck-nesting area and one of the few remaining nesting places of the trumpeter swan in the United States; Lake Mattamuskeet Refuge, North Carolina (50,580 acres), the most important goose and swan wintering area on the Atlantic Coast; the Upper and Lower Souris Refuges, North Dakota (30,958 and 58,302 acres, respectively), the greatest nesting restoration to date; the Lake Malheur-Blitzen Valley Refuge, Oregon (159,966 acres), a restoration of the greatest waterfowl area on the Pacific Coast; and Sand Lake Refuge, South Dakota (19,733 acres), a large scale restoration project.

To the extent that emergency funds have permitted, an extensive development program has been initiated and in some cases completed, involving further impoundment of water, erection of nesting islands, food plantings, reforestation, reduction and control of fire hazards, building of patrol roads and lanes, erection of patrol towers and stock-proof fencing, control of predators, water-table investigations, sinking of artesian wells, flood irrigation, and many other rehabilitation activities. The worth of these

activities in making refuge areas more attractive to wildlife is borne out by the fact that bird populations on many refuges have increased greatly since the beginning of the emergency program in 1934. In some instances species which have not been seen in the vicinity of a particular refuge for many years are now returning there to breed, to winter, or to rest and feed on their semi-annual migrations; species never before recorded on an area have been noted there within the past few years; and species which were at one time rare visitors or frequented an area only in small numbers are now quite common.

3. Maintenance of Upper Mississippi River Wildlife Refuge.--This refuge was established by the Act of Congress approved June 7, 1924 (16 U.S.C. 721-731), authorizing an appropriation of \$1,500,000 for the acquisition of lands in the overflow area of the Mississippi River in the States of Illinois, Iowa, Minnesota, and Wisconsin between Rock Island, Illinois, and Wabasha, Minnesota, a distance of approximately 300 miles. Approximately 149,543 acres have been acquired for refuge purposes. The administration of this project includes the supervision and intensive patrol of the area to protect its abundant wildlife; to prevent deforestation and despoliation; to prevent and suppress forest fires; to regulate and supervise under a permit system as much recreational and social usage of the area as is compatible with the wildlife purposes of the area; to supervise public shooting grounds; to propagate, disseminate, and preserve aquatic plants which are important in the production of waterfowl food; to raise large quantities of small grains as supplementary foods for the early spring concentrations of waterfowl in this area, which occur in literally hundreds of thousands; to take over and develop the lands acquired by the Government in connection with the Army Engineers Corps' development of a nine-foot channel in the Mississippi; to assist State conservation officers in general enforcement on the area; to supervise the sale of excess products, such as timber, grazing, and forage production; and to do all things contributory to the maintenance of this great refuge in the interest of wildlife conservation and production.

4. Maintenance of Bear River Migratory Bird Refuge.--The establishment of this refuge, which includes marsh and water areas totaling 51,835 acres, was urgently advocated by game officials, sportsmen, and other conservationists from the entire United States to eliminate the death trap for migratory and other birds which had long existed in the bay at the mouth of the Bear River, Great Salt Lake, Utah, and which in certain years of drought or unfavorable conditions had resulted in the death of from 150,000 to 250,000 waterfowl. The establishment of the refuge was authorized by the Act of April 23, 1928 (16 U.S.C. 690-690h). It is one of our most important refuges from the standpoint of breeding and reproducing migratory waterfowl. It is a key feeding, nesting, and restoration concentration point for the waterfowl in the Pacific flyway. To remove the formerly existing death trap here and to greatly enhance and increase the carrying capacity of this area, an intricate, massive dike system was provided for the maintenance of approximately 28,000 acres of fresh water, divided into five units. Forty percent of this flooded area was allowed to be used as public shooting grounds by the Act of Congress establishing the refuge. The remainder is administered as an inviolate sanctuary.

The administration of the area includes the maintenance and surfacing of the dikes by class B and C riprap to prevent damage by wave action; the careful operation of control gates to provide the proper water levels for food production, nesting safety, and the release of flood waters; construction of patrol roads and paths; propagation and dissemination of duck-feeding plants; reduction of predators in the interest of increased nesting; patrol of the area against trespass and violation of refuge and migratory-bird laws; supervision of the public shooting grounds; and, within recent years, providing study facilities for the large numbers of wildlife students, nature lovers, and outdoor and sportsmen's organizations which frequent this great wildlife area.

(j) MIGRATORY BIRD CONSERVATION REFUGES

Appropriation Act, 1938 - - - - - \$79,753
 Budget Estimate, 1939 - - - - - 79,753

PROJECT STATEMENT

Projects	1937	1938 (Estimated)	1939 (Estimated)
1. Administration of migratory bird conservation refuges	\$22,176	\$22,700	\$22,700
2. Biological investigations and wildlife management of areas ...	5,945	5,968	5,968
3. Investigations of diseases of birds	14,542	14,900	14,900
4. Examinations, surveys, and acquisition of refuge land	31,821	36,185	36,185
Unobligated balance	4,269	- - -	- - -
Transferred to "Fur Resources Investigations"	+1,000	- - -	- - -
Total appropriation	79,753	79,753	79,753

WORK UNDER THIS APPROPRIATION

General.--The Migratory Bird Conservation Act of February 18, 1929, (16 U.S.C. 715-715r), authorized a 10-year program for the establishment of a national system of refuges for the conservation and perpetuation of waterfowl and other migratory birds. Work under this appropriation includes the maintenance and administration of refuge areas acquired under this Act and the development of such areas and other refuges; the elimination of loss of migratory birds due to alkali-poisoning, oil pollution, disease, or other causes; biological investigations and wildlife management of refuges and other areas; and examinations, surveys, and acquisition of land and water for migratory-bird refuges throughout the United States.

1. Administration of Migratory Bird Conservation Refuges.--Refuges acquired or established under the Migratory Bird Conservation Act are partly administered under this project. Full-time refuge managers are

provided at the Blackwater Refuge, Maryland (area, 8,241 acres); Cape Romain Refuge, South Carolina (60,000 acres); St. Marks Refuge, Florida (55,523 acres); Swanquarter Refuge, North Carolina (42,900 acres); and Crescent Lake Refuge, Nebraska (42,629 acres), which were established as breeding, resting, and feeding areas for migratory waterfowl and other birds. Extensive developments and improvements have been made on the refuges under Public Works funds and with the aid of C. C. C. camps. The maintenance of the refuges consists of their patrol for the enforcement of refuge acts and protection against fire; planting of food and cover; upkeep of engineering improvements and buildings; and other activities tending to increase the effectiveness of the areas as migratory bird refuges.

2. Biological Investigations and Wildlife Management of Areas.---

The object of this project is to inspect and determine the biological suitability of wildlife areas, including State and Federally owned refuges acquired or proposed; to develop suitable game and wildlife habitats; and to establish proper wildlife management practices that will give the maximum population of desired forms of wildlife consistent with biological limitations or local conditions. Field parties consisting of trained botanists, ornithologists, or wildlife technicians equipped for the collection and identification of aquatic, marsh, and upland plants and animals are detailed for investigations of all proposed or unworked areas. Detailed reports on specific areas are prepared and submitted with appropriate recommendations. Known management practices to develop appropriately the various areas are inaugurated and experimental testing is made of untried or unknown practices which might improve food and cover requirements under varying and local conditions.

3. Investigations of Diseases of Birds.---

Under this project work is conducted on diseases attacking migratory waterfowl and upland game birds. The excessive losses from such conditions as botulism, lead poisoning, and parasitism demand continued research on waterfowl diseases. Investigations on botulism are to be continued along the line of attempting to find some means of reducing losses where a control of the water level is not feasible. Continuation of the research on nontoxic shot for wildfowling is to be followed. In this research attempts will be made to develop a practicable pellet of a consistency which will not make it an enduring source of lead poisoning to birds eating it.

4. Examinations, Surveys, and Acquisition of Refuge Land.---

Potential refuge areas are examined to determine those best adapted biologically for such purposes. Favorable reports are followed by investigations to determine the types of land and their extent, the soil cover, improvements, etc., and to ascertain the market value of those tracts under consideration for purchase. Negotiations with the owners are conducted to reach equitable price agreements and options are secured. Refuges can not be acquired in any State until the State has passed enabling legislation consenting to the acquisition of land by the Federal Government. No purchase can be made of an area until it has been approved by the Migratory Bird Conservation Commission. Under the Migratory Bird Conservation Act more than 4,000,000 acres in 141 proposed refuge sites have been examined and ownership records compiled. For the past several years the appropriations have been inadequate to permit any purchases under this appropriation, but examinations, appraisals, surveys, and topographic studies and map-making have been carried on by the small force retained under this project.

(k) MIGRATORY BIRD CONSERVATION FUND

Appropriation Act, 1938 - - - - - \$600,000(a)
 Budget Estimate, 1939 - - - - - 600,000(a)

(a) The above amounts are the estimated receipts from the sale of Federal hunting stamps for the fiscal years involved; of which the Agricultural Appropriation Act for 1938 and the estimates for 1939 provide for an advance of \$125,000 from the Treasury pending deposit of hunting-stamp receipts. This advance is repaid to the Treasury from the first \$125,000 deposited in the fund. The unobligated balance from stamp sales in prior fiscal years and the receipts for the current fiscal year are also available for expenditure.

PROJECT STATEMENT

Projects	1937	1938 (Estimated)	1939 (Estimated)
1. Administration and enforcement of Migratory Waterfowl Hunting Stamp and Migratory Bird Treaty Act	\$54,388	\$68,169	\$60,000
2. Acquisition, development, and maintenance of migratory bird refuges	412,433	851,259	540,000
Total obligations	466,821	919,428	600,000
Plus unobligated balance held as a reserve for succeeding fiscal year.....	+ 519,428	+ 200,000	+ 200,000
Less unobligated balance brought forward from prior fiscal year..	-386,249	-519,428	-200,000
Total	600,000	600,000	600,000

WORK UNDER THIS APPROPRIATION

General.—The Migratory Waterfowl Hunting Stamp Act of March 16, 1934 (16 U.S.C., 718-718h), as amended by Act of June 15, 1935 (16 U.S.C., Supp. I, 718a-718e), provides that every hunter of migratory waterfowl must have in his possession a Federal hunting stamp. The stamps are sold at post offices at a cost of one dollar each. The funds provided by the sale of these stamps are used for wildlife conservation, being expended on the basis of 90 percent for acquiring, restoring, and administering potential waterfowl habitats as inviolate refuges, and 10 percent for the enforcement of the various Acts for the protection of migratory birds and the expenses of the Post Office Department for engraving, issuing, and accounting for the stamps.

This Act was passed because of the rapid diminution in the numbers of migratory waterfowl and especially because of the appalling reduction of these birds during the protracted drought period which existed in the heart of the migratory-waterfowl breeding grounds in the interval between

the summers of 1930 and 1933. During these years the migratory flocks became so reduced in numbers that sportsmen and conservationists alike were alarmed at the apparent extinction facing this valuable recreational and economic resource. This concern for migratory wildlife spread to all walks of American life, and public opinion and demand became so mobilized, when the numbers of the birds continued to diminish, that Congress enacted the Migratory Bird Hunting Stamp Act to provide funds for the conservation of migratory waterfowl as a definite and recognizedly important section of our national wildlife resources.

1. Administration and Enforcement of Migratory Waterfowl Hunting Stamp and Migratory Bird Treaty Act.--The expenditure of ten percent of the receipts from sales of migratory waterfowl hunting stamps is authorized for the administration and enforcement of the Migratory Waterfowl Hunting Stamp and Migratory Bird Treaty Act, including expenditures incurred by the Post Office Department for issuance and sale of stamps. A vigorous enforcement campaign in all the States to see that this revenue-producing statute is obeyed is of prime importance. The field law-enforcement officers employed under this project work in cooperation with those employed under the Migratory Bird Treaty Act to enforce all Federal laws and regulations protecting migratory birds.

2. Acquisition, Development, and Maintenance of Migratory Bird Refuges.--The development and maintenance of refuge areas with the proper biological conditions necessary for the survival of migratory waterfowl is one of the most important duties performed by the Biological Survey. As it is necessary at the present time to use a large portion of the Migratory Bird Conservation Fund for development and maintenance purposes, acquisition of additional areas under this appropriation is being subordinated to restoration, development, maintenance, and patrol activities. The Biological Survey is faced with the task of restoring acres ruined for wildlife by unprofitable drainage ventures, which reduced former excellent waterfowl and other wildlife habitats to a condition of wildlife barrenness. This calls for a high degree of scientific development and maintenance, inasmuch as each acre of live marsh must now be made to afford sanctuary facilities for more than the former natural carrying capacity.

Work under this project includes reconnaissance and habitat improvement, restoration and development, and maintenance and patrol.

Habitat improvement consists of the biological rehabilitation of areas which must be worked over and made acceptable to waterfowl by planting of the proper food and cover plants, trees, and other vegetation; control of waterfowl disease epidemics; manipulation of water levels in the most advantageous way; reforestation and erosion control; creation of nesting islands; range management; and other developments conducive to the wildlife production of the area. The personnel engaged in this work are trained waterfowl biologists who make exploratory surveys along the main flyways of migratory waterfowl and select areas for acquisition and development which show the best potentialities for wildlife and waterfowl sanctuary purposes.

Restoration and development activities consist of hydraulic engineering and architectural developments on the refuges. There are very few

natural waterfowl habitats of any great size left. It is therefore necessary to restore former natural areas which have been unsuccessfully drained or otherwise have had their original suitability for waterfowl changed. Almost every area requires extensive impounding and stabilization of water levels to secure a safe and permanent water supply. After hydraulic and topographic surveys have been made, engineering contracts are let to provide for necessary water impoundment. The architectural force designs and supervises the construction of refuge headquarters buildings and provides for landscaping when necessary.

Maintenance and patrol work involves the administration and protection of refuges, which, due to the limited funds available, can not be administered under the appropriation "Maintenance of Mammal and Bird Reservations". This work consists of removal of fire hazards; laying-out and maintenance of fire lines; posting refuges against trespass; patrolling areas to enforce the migratory bird refuge laws; reduction of predators; supervising the sale of excess products from the refuges such as hay, timber, forage, etc.; raising considerable amounts of small grains as a supplement to the natural waterfowl foods occurring on the refuge; repairing water impoundment stabilization systems and maintaining water levels; supervising recreation centers; and performing other administrative duties necessary for the maintenance of refuges at the highest possible level of productivity and serviceability to migratory birds.

(1) FEDERAL AID TO STATES IN WILDLIFE RESTORATION PROJECTS

Appropriation, 1938 - - - - -
 Budget Estimate, 1939 - - - - - \$1,000,000

PROJECT STATEMENT

Projects	1939
1. Administration of Federal aid to States, wildlife-restoration projects	\$120,000
2. Federal aid payments to States on wildlife-restoration projects	<u>880,000</u>
Total	1,000,000

WORK UNDER THIS APPROPRIATION

This is a new item. The Federal aid to States in Wildlife-Restoration Act of September 2, 1937 (50 Stat. 917), authorizes the Secretary of Agriculture to cooperate with the respective State fish and game departments on wildlife-restoration projects, and for carrying out the purposes of the Act authorizes the appropriation of an amount equal to the revenue accruing during the fiscal year ending June 30, 1939, and for each fiscal year thereafter, from the tax imposed by Section 610, Title IV, of the Revenue Act of 1932 (47 Stat. 169), as heretofore or hereafter extended and amended, on firearms, shells, and cartridges. The Secretary is authorized to apportion not less than 92 percent of the fund accruing under the act to the respective States on the basis of one-half in the ratio which the area of the State bears to the total

area of all the States and one-half in the ratio which the number of paid hunting-license holders of each State in the preceding fiscal year bears to the total number of paid hunting-license holders of all the States, with the further limitations that the apportionment for any one State shall not exceed the sum of \$150,000 annually, but where the apportionment to any State under the Act is less than \$15,000 annually the Secretary may allocate not more than \$15,000 of said fund to said State if it sets aside not less than \$5,000 from its fish and game fund or makes an appropriation of this amount for the purposes of the Act.

So much, not to exceed eight per centum, of the revenue covered into the Federal fund in each fiscal year as the Secretary of Agriculture may estimate to be necessary for his expenses in the administration and execution of this Act and the Migratory Bird Conservation Act, is authorized to be made available therefor.

The wildlife resources of the States and the Nation are highly valuable assets and their conservation and perpetuation have been matters of deep concern not only to those who are interested in the annual sport and recreation of hunting game species but also to the great host of our national population who enjoy wild creatures from an aesthetic point of view, as well as to farmers, horticulturists, and others who are economically benefited through the food habits of birds and other wildlife in the destruction of rodents, insects, and noxious weed seeds. Wildlife resources of the Nation also supply the basis for an extensive commercial business of supplying recreational needs and equipment.

During the past two decades great emphasis has been laid on the conservation and protection of migratory birds which have been the subject of two international agreements, several acts of Congress, and the direct appropriation or allotment from emergency funds of large sums for the furtherance of wildlife conservation activities. The devotion of large areas of submarginal land to wildlife conservation and incidental recreational uses has also received prominent attention in State and national land-planning programs.

The work of practically all wildlife conservation to date in the various States has been financed through the sale of licenses or hunting privileges, to take only the game species. During the drought many States have found their resources in waterfowl and other migratory game birds greatly reduced, thus throwing a materially increased burden on their resources in upland species to meet the ever-increasing demand of their local citizens for hunting privileges. The upland species likewise suffered from drought and other unfavorable conditions. The States are thus faced with sharp curtailment in their funds, while at the same time the necessity for wildlife restoration activities is ever on the increase. The present law was enacted to meet this critical situation and to afford aid not only in the conservation of migratory species but of upland species as well. Developments under this Act will also supplement the activities of the Federal Government under existing legislation in the conservation of migratory species and to some extent relieve the necessity for the Federal Government establishing an auxiliary system of waterfowl and other wildlife refuges to supplement its program for a national system of super-refuges on which it is now engaged.

This legislation will be most effective in correlating the Federal and State agencies in a unified attack on the problems of wildlife conservation on a nation-wide scale.

1. Administration of Federal Aid to States, Wildlife Restoration Projects.--Section 4 of the Act of September 2, 1937, for Federal aid to States in wildlife restoration authorizes the use of not to exceed eight percentum of the funds accruing thereunder as may be estimated by the Secretary of Agriculture to be necessary for his expenses in the administration and execution of the Act and the Migratory Bird Conservation Act. Provision must be made for the examination of the plans of the State, the inspection of the area to be developed, the examination and appraisal of lands where land purchases are involved, an engineering study of proposed development work to determine its adequacy, feasibility, and reasonableness in cost, approval of plans, and the apportionment of funds. It will also be necessary to inspect the progress of the work to determine whether or not the project has been completed in accordance with the standards and regulations of the Department of Agriculture and with the approved plans for the project.

Research will include not only the scientific, biological investigation of proposed projects and their possibilities for restoration and rehabilitation, but also cooperation with the States in the development of their wildlife management research projects under the Act and their coordination with research being undertaken by the Federal Government or other States along similar lines to accomplish the best possible results from both State and national interests.

The restoration of wildlife and the development of habitat areas will include activities comprising engineering work on land and water areas, as well as food and cover planting and water conservation.

It is the duty of the various States, in accordance with their respective laws, to maintain wildlife restoration projects established under the provisions of this Act.

In the administration of this legislation it will be necessary for the Secretary of Agriculture to fix general and specific standards for the State projects to be undertaken thereunder and to promulgate rules and regulations from time to time to meet the requirements of the work and to facilitate its progress.

Highly qualified administrative and technical employees will be necessary for the efficient administration of this legislation.

2. Federal Aid Payments to States on Wildlife-Restoration Projects. This project covers the apportionments by the Secretary of Agriculture to the various States under the provisions of the Act of September 2, 1937, to provide that the United States shall aid the States in wildlife-restoration projects. After the apportionment of the funds accruing under the Act, in accordance with its provisions, to the respective States and the certification thereof to the Secretary of the Treasury and to the various State Fish and Game Departments, it is necessary for the Secretary to obtain full and detailed statements from the respective State authorities of the wildlife-restoration projects proposed in each State, and upon determining

after investigation that such projects meet the standards set up by him and approving the projects, it is necessary to obtain from the State such surveys, plans, specifications, and estimates as are necessary to the execution of such approved projects. Upon approval of the plans, specifications, and estimates for the project, the Secretary notifies the State Fish and Game Department and certifies the fact to the Secretary of the Treasury, who thereupon must set aside so much of said fund as represents the share of the United States payable under this Act on account of such project. This sum is limited to not to exceed 75 percent of the total estimated cost of such project. Expenditures for engineering, inspection, and unforeseen contingencies on works to be constructed under the Act may not exceed 10 percent of the estimated cost of the project and are required to be met by the State as a part of its total contribution to the cost of such works. It is necessary for the Secretary to supervise all construction and research projects conducted under the provisions of this Act in order thereby to certify payments on the respective projects as they progress or are completed.

(m) PAYMENTS TO COUNTIES UNDER MIGRATORY BIRD CONSERVATION ACT

Appropriation, 1938 - - - - - \$7,900
 Budget Estimate, 1939 - - - - - 7,900

PROJECT STATEMENT

Projects	1937	1938 (Estimated)	1939 (Estimated)
Payments to counties from receipts under Migratory Bird Conservation Act	\$7,906	\$7,900	\$7,900

WORK UNDER THIS APPROPRIATION

Title IV of the Act approved June 15, 1935 (16 U.S.C., Supp. I, 715s), provides as follows:

"That 25 per centum of all money received during each fiscal year from the sale or other disposition of surplus wildlife, or of timber, hay, grass, or other spontaneous products of the soil, shell, sand, or gravel, and from other privileges on refuges established under the Migratory Bird Conservation Act of February 18, 1929, or under any other law, proclamation, or Executive order, administered by the Bureau of Biological Survey of the United States Department of Agriculture, shall be paid at the end of such year by the Secretary of the Treasury to the county or counties in which such refuge is situated, to be expended for the benefit of the public schools and roads in the county or counties in which such refuge is situated: Provided, That when any such refuge is in more than one State or Territory or county or subdivision, the distributive share to each from the proceeds of such refuge shall be proportional to its area therein: Provided further, That the disposition or sale of surplus animals, and

products, and the grant of privileges on said wildlife refuges may be made upon such terms and conditions as the Secretary of Agriculture shall determine to be for the best interests of government or for the advancement of knowledge and the dissemination of information regarding the conservation of wildlife, including sale in the open market, exchange for animals of the same or other kinds, and gifts or loans to public or private institutions for exhibition or propagation; And provided further, That out of any moneys received from the grant, sale, or disposition of such animals, products, or privileges, or as a bonus upon the exchange of such animals the Secretary of Agriculture is authorized to pay any necessary expenses incurred in connection with and for the purpose of effecting the removal, grant, disposition, sale, or exchange of such animals, products, or privileges; and in all cases such expenditures shall be deducted from the gross receipts of the refuge before the Secretary of the Treasury shall distribute the 25 per centum thereof to the States as hereinbefore provided."

The amount of this appropriation will vary from year to year in direct proportion to the receipts during the previous fiscal year. Any increase in this appropriation will be offset by additional revenue to the Federal treasury in the ratio of 3 to 1.

EMERGENCY FUNDS

Direct Allotments

Projects	Obligated, 1937	Estimated obligations, 1938	Estimated obligations, 1939
<u>National Industrial Recovery Act:</u>			
Acquisition, improvement, and development of wildlife refuges.....	\$1,954,471	\$970,597	\$75,000
Expenses of North American Wildlife Conference (authorized by Supplemental Appropriation Act, 1936, approved Feb. 11, 1936)	4,500	- - -	- - -
Total, National Industrial Recovery Act	1,958,971	970,597	75,000
<u>Emergency Relief Appropriation Act of 1935:</u>			
Acquisition of refuge lands	9,346	- - -	- - -
Improvement of wildlife areas in North Dakota	47,750	- - -	- - -
Administrative expenses in connection with acquisition and development of wildlife refuges	10,155	- - -	- - -
Total, Emergency Relief Act of 1935	67,251		
<u>Emergency Relief Appropriation Act of 1936:</u>			
Improvement of wildlife refuges	1,570,429	- - -	- - -
Administrative expenses in connection with refuge improvement	39,868	7,632	- - -
Total Emergency Relief Act of 1936	1,610,297	7,632	- - -
<u>Emergency Relief Appropriation Act of 1937:</u>			
Improvement of wildlife refuges ..	- - -	391,538	- - -
Administrative expenses in connection with refuge improvement	- - -	15,000	- - -
Total, Emergency Relief Act of 1937	- - -	406,538	- - -
Total, Emergency Funds (Direct Allotments)	3,636,519	1,384,767	75,000

Indirect Allotments

(Financed through other government agencies)

Projects	Obligated, 1937	Estimated obligations, 1938
<u>Emergency Conservation Work</u> (authorized by Acts of March 31, 1933 and April 8, 1935; Allotment through War De- partment): Work by Civilian Conserva- tion Corps on wildlife refuges	\$1,899,500	\$1,630,800

PASSENGER-CARRYING VEHICLES

The increase of \$3,000 submitted in the Budget estimates in the amount authorized to be used for the purchase of passenger-carrying vehicles is to provide for 5 cars for use of the engineers employed under the new Federal Aid to States in Wildlife-Restoration Fund while making surveys and inspecting construction. It will be possible to equip the nine engineers working under this project with cars which have been purchased from emergency funds for use on projects now completed, but since these cars will be three years old it will be necessary to turn in part of them on the purchase of new cars before the fiscal year is completed. The remainder will await replacement until 1940.

It is necessary in carrying on much of the field work of the Bureau of Biological Survey to cover long stretches of territory by automobile, considerable portions of which are inaccessible by other means of transportation. The Government-owned automobile has been found to be the most economical means of transportation and a great time saver. It has also been found a less expensive means of transportation when travel is extensive than to allow mileage rates to employees for use of their personally-owned automobiles, as Government cars can be operated more cheaply than privately-owned cars. Because of these facts, the Bureau several years ago inaugurated a policy of furnishing Government-owned cars for use of employees when the travel was sufficiently extensive to effect a real saving thereby.

Although much of the field service is now equipped with passenger-carrying cars, it is necessary in the continuation of this policy to keep the equipment in satisfactory running condition. This requires cars to be replaced at intervals, depending upon the mileage covered. During the fiscal year 1937, 225 passenger cars operated by the Bureau for 3,175,282 miles showed an average operating cost, excluding depreciation, of \$.0207 per mile. Ninety-two passenger cars turned in during the past four years showed an average operating cost, including depreciation, of \$.0287 per mile.

BUREAU OF PUBLIC ROADS(a) Changes in Language of Opening Paragraph

The introductory paragraph to the Bureau of Public Roads items (carried in the 1939 Budget, beginning on page 120, under the section "General Public Works Program") has been amended so as to include a side title "General administrative expenses"; also to omit superfluous language covering provisions for expenditures for specific objects, substituting in lieu thereof the term "persons and means" in the city of Washington and elsewhere. This is for the purpose of simplifying the language and making it conform to that used elsewhere in the Agricultural Appropriation Act. No funds are carried under this paragraph. However, a project statement covering expenditures of the Bureau of Public Roads for all purposes (fiscal year 1937 and estimated for 1938 and 1939) has been included at the end of the notes covering the funds of this bureau.

(b) FEDERAL-AID HIGHWAY SYSTEM

Appropriation Act, 1938.	\$150,000,000	
Budget Estimate, 1939.	<u>63,000,000</u>	(1)
Decrease	<u>87,000,000</u>	

(1) The 1939 estimates for Federal-aid highway system are included in the Budget (beginning on page 120), under the section "General Public Works Program."

Section 1 of the Hayden-Cartwright Act of June 16, 1936 (49 Stat. 1519, 1520), authorized the appropriation of regular Federal aid in the amount of \$125,000,000 for the fiscal year ending June 30, 1938, and \$125,000,000 for the fiscal year ending June 30, 1939. The \$63,000,000 estimated in the Budget for 1939 is a part of the sum of \$125,000,000 authorized to be appropriated for the fiscal year 1938, leaving an unappropriated balance of \$62,000,000 under the 1938 authorization.

CHANGE IN LANGUAGE

(1) The language relating to the source of funds under existing authorizations has been appropriately amended.

(2) A clause has been added to the existing authority for the replacement of one passenger-carrying vehicle for use in the administrative work of the Bureau in the District of Columbia, provided that the cost of such replacement shall not exceed \$1,200, including the exchange value of the vehicle being replaced.

(3) The authority contained in the third and fourth provisos relative to charges for engineering and other services rendered to other Government agencies, and making Bureau of Public Roads appropriations available for expenses of warehouse maintenance, etc., has been extended to apply to the fiscal year 1939.

(4) The language in the last proviso authorizing the use of administrative funds for the construction of a research laboratory for the Bureau of Public Roads has been eliminated, since the funds previously authorized remain available until expended; and a new clause has been added making Bureau of Public Roads appropriations available for medical supplies and services for the immediate relief of employees engaged on hazardous work under the Bureau's administration. Similar authority with respect to the appropriations of the Forest Service has been carried in the Agricultural Appropriation Act for a number of years. Its purpose is to enable the Bureau to give first-aid medical attention to employees who may be injured or become sick while working in camps or other locations remote from regular practicing physicians, and where such injury or sickness is not due to their employment. The Bureau has had to deny several claims for medical supplies and medical aid rendered employees engaged at a Government camp at Curtis Creek, N. C., due to the absence of statutory authority to make payment. The medical supplies and medical aid were considered necessary because of a serious outbreak of influenza and were furnished in an effort to prevent the spread of the disease among the employees at this camp. The U. S. Compensation Commission will give no consideration to the payment of bills for the treatment of employees where their injury or sickness is not due to their employment; and the Comptroller General has held that the cost of medical treatment for civilian employees is not payable from Government funds in the absence of statutory authority.

WORK UNDER ROAD APPROPRIATIONS

Cooperative highway work with all the States was started under the Act of July 11, 1916. Under these appropriations the Federal Government cooperates with the several States, Hawaii, and Puerto Rico in improving highways, as provided in the Federal Highway Act of November 9, 1921, and subsequent amendments. The Federal-aid highway system, to which regular Federal-aid expenditures are restricted, was initially limited to seven percent of the total highway mileage in each State. The routes in the system were selected by the States and approved by the Secretary of Agriculture. Additions of one percent may be made to the system when provision has been made for the improvement of 90 percent of the approved mileage in any State. On December 1, 1937, the system exceeded 226,800 miles of the principal highways of the country and connected all the principal cities, county seats, and other market centers in the United States. About 137,556 miles of this system have been improved with Federal-aid funds, and 10,974 miles additional were under construction or approved for construction on June 30, 1937.

Funds provided under the National Industrial Recovery Act and subsequent emergency highway appropriations have been available for expenditure in improving secondary or feeder roads. As of June 30, 1937, 20,686 miles of these secondary or feeder roads (which are not a part of the Federal-aid highway system) had been constructed and 2,244 additional miles were under construction or approved for construction. Section 7 of the Hayden-Cartwright Act of June 16, 1936, authorized for the first time an appropriation of regular Federal-aid funds, as distinguished from the emergency funds, for the construction of secondary or feeder roads.

The initiation of and immediate supervision of the construction of Federal-aid projects are under the State highway departments, with engineers of the Bureau of Public Roads making frequent inspections and approving all work from the inception of a project until its completion.

Regular Federal-Aid Authorization

Section 1 of the Hayden-Cartwright Act of June 16, 1936 (49 Stat. 1519, 1520), authorized the appropriation of regular Federal-aid funds in the amount of \$125,000,000 for the fiscal year ending June 30, 1938, and \$125,000,000 for the fiscal year ending June 30, 1939. These funds must be matched by State funds and are available for improvement of the Federal-aid highway system. In accordance with the Federal Highway Act, the authorization for the fiscal year 1938 was apportioned on December 29, 1936, by States, as follows:

Apportionment of Regular Federal-aid Highway Funds for Fiscal Year 1938

<u>State</u>	<u>Sum apportioned</u>	<u>State</u>	<u>Sum apportioned</u>
Alabama.....	\$2,664,693	New Hampshire.....	\$625,000
Arizona.....	1,829,952	New Jersey.....	1,701,826
Arkansas.....	2,137,752	New Mexico.....	2,040,685
California.....	4,858,220	New York.....	6,258,857
Colorado.....	2,336,054	North Carolina.....	2,998,371
Connecticut.....	805,426	North Dakota.....	1,996,414
Delaware.....	625,000	Ohio.....	4,640,344
Florida.....	1,704,765	Oklahoma.....	2,995,620
Georgia.....	3,233,279	Oregon.....	2,092,368
Idaho.....	1,570,687	Pennsylvania.....	5,434,356
Illinois.....	5,238,798	Rhode Island.....	625,000
Indiana.....	3,149,011	South Carolina.....	1,722,188
Iowa.....	3,291,322	South Dakota.....	2,084,100
Kansas.....	3,374,126	Tennessee.....	2,681,110
Kentucky.....	2,349,316	Texas.....	7,957,610
Louisiana.....	1,829,490	Utah.....	1,447,780
Maine.....	1,122,670	Vermont.....	625,000
Maryland.....	1,043,938	Virginia.....	2,328,369
Massachusetts....	1,769,936	Washington.....	2,002,877
Michigan.....	3,893,528	West Virginia.....	1,390,447
Minnesota.....	3,495,178	Wisconsin.....	3,107,053
Mississippi.....	2,247,708	Wyoming.....	1,600,350
Missouri.....	3,877,890	Hawaii.....	625,000
Montana.....	2,621,728	Puerto Rico.....	625,000
Nebraska.....	2,641,423		
Nevada.....	1,632,385	Total apportionment.	125,000,000

PASSENGER-CARRYING VEHICLES

Continuation into 1939 of the authorization for expenditure of not to exceed \$45,000 for the purchase of passenger-carrying vehicles is recommended in order to permit the needed replacement of 80 vehicles at a net average cost of \$563 each, as set forth in detail in the Budget schedules (page 247), including 73 cars (\$41,150) under the Federal-aid highway system and 7 cars (\$3,850) under the Forest Roads and Trails program. These cars are used in the field service of the Bureau for essential transportation of project and other highway engineers, engaged in Federal-aid inspection, checking, surveying, supervision, construction, experimental work, etc.

(c) FEDERAL-AID SECONDARY OR FEEDER ROADS

Appropriation Act, 1938.	\$5,000,000
Budget Estimate, 1939.	<u>10,000,000</u> (1)
Increase	<u>5,000,000</u>

(1) The 1939 estimates for Federal-aid secondary or feeder roads are included in the Budget under the section "General Public Works Program," page 123.

Section 7 of the Hayden-Cartwright Act of June 16, 1936 (49 Stat. 1521), authorized an appropriation of \$25,000,000 for each of the fiscal years 1938 and 1939 to be expended for secondary or feeder roads pursuant to the provisions of the Federal Highway Act. The \$10,000,000 in the Budget is a part of the sum of \$25,000,000 authorized for the fiscal year 1938, leaving a balance of \$10,000,000 of the 1938 authorization unappropriated.

CHANGE IN LANGUAGE

A clause has been added to make the appropriation immediately available. A similar provision has been carried annually in the regular "Federal-aid Highway System" item and is necessary here also in order that payments to States from these funds may not be delayed after the Agricultural Appropriation Act has been approved but prior to the beginning of the new fiscal year.

WORK UNDER THIS APPROPRIATION

This appropriation is made for the construction of secondary or feeder roads, including farm-to-market roads, rural free delivery mail roads, and public-school bus routes. Although highway funds provided in the emergency legislation were made available for the improvement of roads of this character, the Act of June 16, 1936, contained the first authorization for such work in the regular Federal-aid legislation. As required by that Act, the funds are to be apportioned and expended in the same manner as regular Federal-aid appropriation, equal weight being given to the three factors of area, population, and mileage of post roads. It is necessary for the States to match their apportionments, so that the

\$25,000,000 authorization for 1938 will provide a \$50,000,000 program of construction of secondary or feeder roads. The authorization for the fiscal year 1938 was apportioned on December 29, 1936, by States, as follows:

Apportionment of Federal-aid Secondary or Feeder Roads for Fiscal Year 1938

<u>State</u>	<u>Sum apportioned</u>	<u>State</u>	<u>Sum apportioned</u>
Alabama.....	\$532,939	Nevada.....	\$326,477
Arizona.....	365,990	New Hampshire.....	125,000
Arkansas.....	437,550	New Jersey.....	340,365
California.....	971,644	New Mexico.....	408,137
Colorado.....	467,211	New York.....	1,251,771
Connecticut.....	161,085	North Carolina.....	529,674
Delaware.....	125,000	North Dakota.....	399,283
Florida.....	340,953	Ohio.....	928,069
Georgia.....	646,656	Oklahoma.....	599,124
Idaho.....	314,137	Oregon.....	418,474
Illinois.....	1,047,760	Pennsylvania.....	1,086,871
Indiana.....	629,802	Rhode Island.....	125,000
Iowa.....	658,264	South Carolina.....	344,438
Kansas.....	674,825	South Dakota.....	416,820
Kentucky.....	469,863	Tennessee.....	536,222
Louisiana.....	365,898	Texas.....	1,591,522
Maine.....	224,534	Utah.....	239,556
Maryland.....	208,787	Vermont.....	125,000
Massachusetts....	353,987	Virginia.....	465,674
Michigan.....	778,706	Washington.....	400,575
Minnesota.....	699,036	West Virginia.....	278,089
Mississippi.....	449,542	Wisconsin.....	621,411
Missouri.....	775,578	Wyoming.....	320,070
Montana.....	524,346	Hawaii.....	125,000
Nebraska.....	528,285	Puerto Rico.....	125,000
		Total apportionment..	25,000,000

(d) ELIMINATION OF GRADE CROSSINGS

Appropriation Act, 1938.....	\$10,000,000
Budget Estimate, 1939.....	20,000,000 (1)
Increase.....	<u>10,000,000</u>

(1) The 1939 estimates for Elimination of grade crossings are included in the Budget under the section "General Public Works Program," pages 123-4.

Section 8 of the Hayden-Cartwright Act of June 16, 1936 (49 Stat. 1521), authorized an appropriation of \$50,000,000 for each of the fiscal years 1938 and 1939 to be expended for the elimination of grade-crossing hazards pursuant to the Federal Highway Act, as amended and supplemented, except that no part of such funds apportioned to any State need be matched by the State. The \$20,000,000 in the Budget for 1939 is a part of the sum of \$50,000,000 authorized for the fiscal year 1938, leaving a balance of \$20,000,000 of the 1938 authorization unappropriated.

CHANGE IN LANGUAGE

A clause has been added to make the appropriation immediately available. A similar provision has been carried annually in the regular Federal-aid Highway System item and is necessary here also in order that payments to States may not be delayed after the Agricultural Appropriation Act has been approved but prior to the beginning of the new fiscal year.

WORK UNDER THIS APPROPRIATION

This appropriation is made for the elimination of hazards to life at railroad grade crossings, including the separation or protection of grades at crossings, the reconstruction of existing railroad grade-crossing structures, and the relocation of highways to eliminate grade crossings. While the elimination of hazards to life at railroad grade crossings has always formed a part of the regular Federal-aid program, and \$200,000,000 was specifically allotted for this type of work exclusively from the funds provided in the Emergency Relief Appropriation Act of 1935, this is the first authorization exclusively for such work in regular Federal-aid legislation. The funds authorized are to be apportioned among the States (including Hawaii, Puerto Rico, and the District of Columbia) in accordance with the formula set up in the Hayden-Cartwright Act of June 16, 1936, i.e., one-half on the basis of population, one-fourth on the mileage of the Federal-aid highway system, and one-fourth on the mileage of railroads. These funds are made available to pay the full cost of construction without being required to be matched with State funds. The authorization for the fiscal year 1938 was apportioned on December 29, 1936, by States, as follows:

Apportionment for Elimination of Grade Crossings for Fiscal Year 1938

<u>State</u>	<u>Sum apportioned</u>	<u>State</u>	<u>Sum apportioned</u>
Alabama.....	\$1,015,170	Minnesota.....	\$1,342,809
Arizona.....	314,594	Mississippi.....	806,707
Arkansas.....	893,403	Missouri.....	1,523,920
California.....	1,874,656	Montana.....	671,204
Colorado.....	657,357	Nebraska.....	892,976
Connecticut.....	426,784	Nevada.....	250,000
Delaware.....	250,000	New Hampshire.....	250,000
Florida.....	712,816	New Jersey.....	997,689
Georgia.....	1,223,099	New Mexico.....	432,291
Idaho.....	413,115	New York.....	3,424,399
Illinois.....	2,644,980	North Carolina.....	1,244,662
Indiana.....	1,308,113	North Dakota.....	803,068
Iowa.....	1,410,787	Ohio.....	2,141,704
Kansas.....	1,307,669	Oklahoma.....	1,156,175
Kentucky.....	919,174	Oregon.....	588,377
Louisiana.....	799,226	Pennsylvania.....	2,905,671
Maine.....	352,468	Rhode Island.....	250,000
Maryland.....	519,993	South Carolina.....	752,928
Massachusetts....	1,047,500	South Dakota.....	694,096
Michigan.....	1,664,807	Tennessee.....	958,753

<u>State</u>	<u>Sum apportioned</u>	<u>State</u>	<u>Sum apportioned</u>
Texas.....	\$2,724,825	Wisconsin.....	\$1,252,871
Utah.....	322,885	Wyoming.....	344,961
Vermont.....	250,000	District of Columbia	250,000
Virginia.....	941,656	Hawaii.....	250,000
Washington.....	767,991	Puerto Rico.....	369,959
West Virginia....	671,712		
		Total apportionment	\$50,000,000

(c) PUBLIC-LANDS HIGHWAYS (1)

Appropriation Act, 1938.	\$2,500,000
Budget Estimate, 1939.	- - -
Decrease	<u>2,500,000</u> (2)

(1) For schedule under this head see page 124 of 1939 Budget - "General Public Works Program".

(2) No estimate is submitted under this item in the Budget for 1939.

Section 3 of the Act of June 16, 1936 (49 Stat. 1520), authorized \$2,500,000 to be appropriated for each of the fiscal years 1938 and 1939 pursuant to the provisions of Section 3 of the Federal Highway Act, as amended by the Act of June 24, 1930 (23 U. S. C. 3).

WORK UNDER THIS APPROPRIATION

This appropriation is made for the survey, construction, reconstruction, and maintenance of main roads through unappropriated or unserved public lands, nontaxable Indian lands, or other Federal reservations other than forest reservations, under the provision of Section 3 of the Federal Highway Act, as amended by the Act of June 24, 1930 (23 U. S. C. 3). The funds are apportioned among the States having more than 5 percent of their area in certain public lands, in the proportion that such lands in each State bears to the total area of such lands in all the eligible States. The authorization for the fiscal year 1938 was apportioned on December 29, 1936, by States, as follows:

<u>State</u>	<u>Sum apportioned</u>	<u>State</u>	<u>Sum apportioned</u>
Arizona.....	\$378,077	North Dakota.....	\$32,611
California.....	235,638	Oklahoma.....	28,935
Colorado.....	88,688	Oregon.....	168,367
Idaho.....	122,609	South Dakota.....	54,497
Montana.....	137,774	Utah.....	256,296
Nevada.....	560,201	Washington.....	38,349
New Mexico.....	206,844	Wyoming.....	191,114
		Total.....	2,500,000

(f) NATIONAL INDUSTRIAL RECOVERY, HIGHWAY FUNDS
(Act of June 16, 1933)

The schedule submitted in the Budget shows obligations of \$496,584 liquidated in 1937 and \$517,227 in 1938 under prior-year allocations.

(g) PUBLIC-LANDS HIGHWAYS, EMERGENCY CONSTRUCTION
(Act of June 19, 1934)

The schedule submitted in the Budget shows liquidation of prior-year obligations of \$2,877.

(h) INTER-AMERICAN HIGHWAY
(Transferred from State Department)

The schedule submitted in the Budget shows \$742,038 obligated during 1937 and estimated obligations of \$127,930 during 1938 out of a State Department allotment, provided by the Deficiency Appropriation Act, fiscal year 1934, approved June 19, 1934.

(i) EMERGENCY RELIEF, AGRICULTURE, HIGHWAYS,
GRADE-CROSSING ELIMINATION, ETC.

The schedule submitted in the Budget shows liquidation of prior-year obligations of \$3,338,370 during the fiscal year 1937 and \$973,375 during the fiscal year 1938.

(j) EMERGENCY RELIEF, AGRICULTURE--PUBLIC ROADS,
HIGHWAYS, ROADS, AND STREETS

The schedule submitted in the Budget shows estimated obligations of \$9,651,230 for 1937 from an allotment under the Emergency Relief Appropriation Act of 1936, to construct, surface, resurface, grade, repair or improve or to aid in constructing, surfacing, resurfacing, grading, repairing or improving highways, roads and streets and work incidental thereto, including bridges located thereon which were damaged or destroyed as a result of the floods of 1936.

(k) FEDERAL EMERGENCY ADMINISTRATION OF PUBLIC WORKS
(Supervision of miscellaneous road projects)

The schedule submitted in the Budget shows obligations of \$122,552 during 1937 and estimated obligations of \$100,000 during 1938 and \$50,000 during 1939 out of allotments provided by the Public Works Administration for engineering, inspection, and supervision of non-Federal road projects.

(1) PUBLIC WORKS ADMINISTRATION; ALLOTMENT TO
AGRICULTURE, PUBLIC ROADS, 1935-1937

The schedule submitted in the Budget shows obligations during the fiscal year 1937 of \$1111 for the improvement of roads on Government land at Beltsville, Md.

(m) NATIONAL INDUSTRIAL RECOVERY, AGRICULTURE,
BUREAU OF PUBLIC ROADS, 1935-1937

The schedule submitted in the Budget shows obligations during the fiscal year 1937 of \$88 for the improvement of roads at Beltsville, Md.

BUREAU OF PUBLIC ROADS
PROJECT STATEMENT (ON BASIS OF EXPENDITURES)

The following table shows actual expenditures in 1937 and estimated expenditures in 1938 and 1939 for all purposes under total funds administered by the Bureau of Public Roads:

	EXPENDITURES		
	Actual, 1937	Estimated, 1938	Estimated, 1939
(1) General administration	<u>\$346,039</u>	<u>\$358,451</u>	<u>\$359,000</u>
(2) Engineering, supervision, and fiscal control at Washington headquarters.	<u>945,522</u>	<u>989,899</u>	<u>971,000</u>
(3) Engineering, supervision, and in- spection at field headquarters: Regional Office and Hawaii (head- quarters, San Francisco, California).....	82,905	79,620	77,700
District No. 1 (headquarters, Portland, Oregon): States of Montana, Oregon and Washington...	204,430	199,208	195,000
District No. 2 (headquarters, San Francisco, California): States of Arizona, California, and Nevada..	228,570	229,614	225,000
District No. 3 (headquarters, Denver, Colorado): States of Colorado, New Mexico, and Wyoming.	137,649	106,478	102,000
District No. 4 (headquarters, St. Paul, Minnesota): States of Minnesota, North Dakota, South Dakota, and Wisconsin.....	243,827	235,835	231,000
District No. 5 (headquarters, Omaha, Nebraska): States of Iowa, Kansas, Missouri, and Nebraska...	143,378	141,300	136,000
District No. 6 (headquarters, Fort Worth, Texas): States of Arkansas, Louisiana, Oklahoma, and Texas.....	267,197	263,175	256,000
District No. 7 (headquarters, .. Chicago, Illinois): States of Illinois, Indiana, Kentucky, and Michigan	155,538	148,580	144,000
District No. 8 (headquarters, Montgomery, Alabama): States of Alabama, Florida, Georgia, Mississippi, and Tennessee.....	264,449	252,261	248,000

PROJECT STATEMENT (EXPENDITURES) -- Continued.

	EXPENDITURES		
	Actual, 1937	Estimated, 1938	Estimated, 1939
District No. 9 (headquarters, Albany, New York): States of Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island, and Vermont	\$291,750	\$298,102	\$294,000
District No. 10 (headquarters, Washington, D. C.): States of Delaware, Maryland, Ohio, Pennsylvania, and District of Columbia.....	189,818	185,676	181,000
District No. 11 (headquarters, Juneau, Alaska)	29,797	31,359	31,000
District No. 12 (headquarters, Ogden, Utah): States of Idaho and Utah.....	108,423	117,286	113,000
District No. 14 (headquarters, Spartanburg, South Carolina): States of North Carolina, South Carolina, Virginia, and West Virginia	172,422	174,870	168,000
District Office, Eastern Parks and Forests (headquarters, Washington, D.C.).....	58,125	56,380	54,000
Puerto Rico (headquarters, San Juan, Puerto Rico).....	<u>2,199</u>	<u>12,140</u>	<u>12,000</u>
Total, Engineering, supervision, and inspection at field headquarters	<u>2,580,457</u>	<u>2,531,934</u>	<u>2,467,700</u>
(4) Federal-aid highway progress and transportation maps	<u>75,974</u>	<u>95,750</u>	<u>95,000</u>
(5) Investigations of highway materials and structures:			
Investigations of nonbituminous road materials	53,408	52,800	53,000
Investigations of bituminous road materials	49,870	52,200	52,000
Highway subgrade investigations.....	82,721	86,650	87,000
Investigations of structural design of pavement and bridges	52,080	62,100	62,000
Cooperative research and special investigations.....	<u>42,856</u>	<u>61,300</u>	<u>61,000</u>
Total, Investigations of highway materials and structures	<u>280,935</u>	<u>315,050</u>	<u>315,000</u>

PROJECT STATEMENT (EXPENDITURES) -- Continued.

EXPENDITURES			
	Actual, 1937	Estimated, 1938	Estimated, 1939
(6) Investigations of highway transportation problems:			
Highway planning surveys:			
Traffic surveys	\$206,991	\$216,000	\$180,000
Financial survey	96,068	115,305	100,000
Road inventory	109,253	139,130	130,000
Road life surveys.....	13,438	18,192	15,000
General	71,255	30,073	26,000
Total, Highway planning surveys	<u>497,005</u>	<u>519,000</u>	<u>451,000</u>
Highway safety studies	59,340	10,020	10,000
General highway investigations.....	<u>32,570</u>	<u>41,850</u>	<u>42,000</u>
Total, Investigations of highway transportation problems....	<u>588,915</u>	<u>570,870</u>	<u>503,000</u>
(7) Investigations of methods and cost of highway construction and maintenance	<u>59,114</u>	<u>29,650</u>	<u>30,000</u>
(8) Total for engineering, supervision, research, and administration (all items above).....	<u>4,876,916</u>	<u>4,891,604</u>	<u>4,740,700</u>
(9) Payments to States for highway construction	<u>341,894,708</u>	<u>268,861,314</u>	<u>154,528,300</u>
(10) Construction by Bureau of Public Roads	<u>8,778,289</u>	<u>13,029,447</u>	<u>4,974,587</u>
(11) Engineering, Construction, supervision, and administration of highway work for other Federal agencies	<u>1,644,755</u>	<u>1,655,356</u>	<u>1,165,500</u>
(12) Total expenditures from funds available directly to Bureau of Public Roads	<u>357,194,668</u>	<u>288,437,721</u>	<u>165,409,087</u>
(13) Actual and estimated expenditures by other Federal agencies for work under the supervision of the Bureau of Public Roads:			
Public Works Administration docketts	13,326,176	13,746,022	4,000,000
National Park work	8,822,286	9,500,000	9,000,000
Work-relief highways, P.W.A.	<u>3,071,901</u>	<u>2,725,141</u>	- - -
Total for work paid for by other Federal agencies.....	<u>25,220,363</u>	<u>25,971,163</u>	<u>13,000,000</u>
(14) Grand total of work under supervision of Bureau of Public Roads.	<u>382,415,031</u>	<u>314,408,884</u>	<u>178,409,087</u>

BUREAU OF AGRICULTURAL ENGINEERING

(a) GENERAL ADMINISTRATIVE EXPENSES

Appropriation Act, 1938.....\$37,600
 Budget Estimate, 1939..... 37,600

PROJECT STATEMENT

Project	1937	1938 (Estimated)	1939 (Estimated)
General administration and business service.....	\$37,570	\$37,600	\$37,600
Unobligated balance.....	30	- - -	- - -
Total appropriation.....	37,600	37,600	37,600

WORK UNDER THIS APPROPRIATION

This appropriation covers the general supervisory work of the Bureau and the accounting, recording, and administrative correspondence work in the Washington office.

(b) AGRICULTURAL ENGINEERING INVESTIGATIONS

Appropriation Act, 1938.....\$423,169
 Budget Estimate, 1939..... 417,400
 Decrease..... 5,769

PROJECT STATEMENT

Projects	1937	1938 (Estimated)	1939 (Estimated)	Decrease
1. Advice and assistance.....	\$27,700	\$27,700	\$27,700	- - -
2. Farm irrigation investiga- tions.....	99,896	117,600	112,191	-\$5,409 (1)
3. Farm drainage investigations	41,912	41,100	40,740	- 360 (2)
4. Farm mechanical equipment...	91,533	89,300	89,300	- - -
5. Farm buildings and related investigations.....	72,464	82,900	82,900	- - -
6. Machinery for processing farm products -- cotton ginning.....	50,751	51,200	51,200	- - -
7. Farm operating efficiency investigations.....	13,408	13,369	13,369	- - -
Unobligated balance.....	3,005	- - -	- - -	- - -
Total appropriation.....	400,669	423,169	417,400	- 5,769

DECREASES

The decrease of \$5,769 in this item for 1939 consists of:

(1) A reduction of \$5,409 for "Duty of Water Studies" under Project 2, Farm Irrigation Investigations.

(2) A reduction of \$360 in the allotment for "Drainage of sugar cane lands" under Project 3, Farm Drainage Investigations, which is made possible by the elimination of rental charges at Houma, Louisiana, due to provision of space for the Bureau in new laboratory building which is being erected at that point by Bureau of Plant Industry during the fiscal year 1938.

WORK UNDER THIS APPROPRIATION

General.--The work under this appropriation consists chiefly of research on the engineering problems of agriculture. These problems are included in the fields of farm irrigation; farm drainage; farm machinery, farm power, and rural electrification; farm buildings; cotton ginning; and the development of farm lands to make possible their most economical and effective utilization. On request, the Bureau also renders engineering service to other bureaus of the Department with respect to the facilities and equipment required in their work.

1. Advice and Assistance.--This item covers such informational activities as preparation of Farmers' Bulletins and leaflets, the preparation and sending out of plans and drawings relating to farm structures, the handling of subject matter correspondence with the public, the preparation of motion pictures, and such other activities as are involved in making available to the public information to be applied direct. The project does not include technical bulletins presenting results of research as such bulletins are charged against the particular research project involved.

2. Farm Irrigation Investigations.--The greatest problem facing irrigation farmers generally throughout all the Western States is the growing scarcity of irrigation water, which has been brought about through more complete settlement, by the introduction of late-maturing crops such as sugar beets, corn, and fruits which require more irrigation water than early crops, and by the increasing use of water for purposes other than agricultural. This problem is being attacked from a number of different angles, the first being the economical utilization of water in crop production. This involves the determination of the optimum amount of irrigation needed for different field crops and fruits and of the best method and time of application of water to secure the best results under different crop, soil, and climatic conditions. Secondly, the problem of decreasing losses of water between the source of supply and the point of application is being studied. This involves studies of methods of decreasing losses due to evaporation, seepage, and the growth of aquatic plants in canals and ditches. Included also in this phase is the design and invention of apparatus for accurately measuring the quantity of water delivered to the farmer and the development of means for securing the economical conveyance of irrigation water. Another point of attack being followed

is the increasing of the supply of irrigation water by the development of pumps and equipment for utilizing underground waters, the storage underground of spring flood waters for later use by means of pumps, and the development of diversion dams and desilting works which will make it possible to turn flood waters, which would otherwise be lost, directly into irrigation canals. Finally, possible reductions are being sought in the cost to the farmer of irrigation water. Studies now under way cover methods of controlling silt deposits in reservoirs and canals, the design of apparatus for the removal of gravel and sand from canals, and the development of cheaper methods of organizing and administering irrigation districts and companies.

This project includes cooperative snow surveys for the purpose of forecasting irrigation water supplies. This work is of great value to the irrigation farmer whose source of supply is mountain snow fall, in that it enables him to adapt his cropping program to the amount of water which will become available during the growing season. Water shortages can be predicted before they occur and cropping plans can be made before planting time to fit the water situation. Where reservoirs have been constructed on a stream, the water supply forecast as the result of snow surveys would permit the operation of the reservoir to the best advantage both for storage and as a means of flood protection. These data are also used in conjunction with the operation of hydraulic plants and in considering municipal and other water supplies.

3. Farm Drainage Investigations.--The major problem in farm drainage consists of the development of better methods and materials for drainage of lands now in cultivation, with particular reference to the drainage of different soil types, the drainage requirements of different crops, and the development of alkali-resistant drain tile. Basic hydraulic information is being developed which when applied to the design of drainage ditches, tile drains, and pumping plants will result in greater efficiency and reduced costs. There are more than 84,400,000 acres of land in organized drainage enterprises upon which more than \$680,000,000 has been expended for drainage works. Much of this land has been classified by the National Resources Committee as being among the best farm land in the country. In connection with the farming of these lands, one of the unsolved problems upon which work is being done is the development of effective and economical methods of maintaining the drainage works.

4. Farm Mechanical Equipment.--This project covers all the research work done by the Bureau in connection with the use of power and machinery on the farm. It includes projects having for their objects the development of better methods and machines for the production and harvesting of the staple crops grown throughout the country, special emphasis being placed upon studies of the use of equipment in the production of corn, cotton, and sugar beets. These studies have been under way for several years, during which time a number of mechanical devices have been developed which are much more efficient than the machines they replaced. Combinations of planting and cultivating methods with particular types of machines have been developed.

In cotton production the results of six years' work show definitely that the costs can be materially reduced by choosing the right combination of methods and machinery. For example, experimental plots on one soil type showed a higher yield of cotton and better fiber characteristics where a few simple operations were performed as compared to a lower yield and poorer fiber characteristics where a much more elaborate seed bed was prepared.

Critical studies are being conducted at the Farm Tillage Machinery Laboratory with several types of plows and discs operated at a number of speeds and in several soil types to determine the component forces which go to make up the draft of the tool as well as to note such effects on the soil as pulverization, throw compaction, etc. This will be of material aid in the design of tools better adapted for use at the increasing tractor speeds. Plow shape studies are to be made and correlated with performance. This will aid in the development of suitable shapes for plows to handle so-called push soils as well as those necessary for other difficult soils. Middle busters, sweeps, cultivator shovels, etc., are, in turn, to be studied as time permits so that their design may be improved to better enable them to stand up under the severe conditions of the Southeast.

The work with sugar beets has resulted in the development of a type of machine for thinning beets, which promises to be so successful in reducing the amount of hand labor required as to make it unnecessary to annually import large numbers of laborers from foreign countries for beet production. Beet harvesters have been studied for the past several years until now one type has been evolved which seems to be commercially acceptable. This machine lifts and tops the beets and discharges the beets and tops into separate rows or piles.

A special study is being made of machinery for distributing fertilizer for different crops and under different soil and climate conditions. This project is carried on in cooperation with the Bureau of Plant Industry and thirteen State experiment stations. Some experimental machines have been constructed which promise to give excellent results in increased crop production, due to the proper placing and distribution of fertilizer. Farm machinery manufacturers are following these developments and have already incorporated certain features in their machines from which the farmers are deriving much benefit.

Special attention is being given to the development of mechanical means for the control of insect pests, including the corn borer, and insects attacking orchards, vineyards, and truck crops. This work is conducted in cooperation with the Bureau of Entomology and Plant Quarantine and has already resulted in the development of machines and implements, or attachments to the same, which have been very effective in destroying these insect pests. Various types of equipment have been designed for applying insecticides for the control of harmful or injurious insects and various types of spraying equipment have been studied in connection with this work. One type of vapor spraying seems especially promising.

Under the work project "Utilization and Cost of Farm Power and Machinery" studies on the harvesting of pyrethrum are to be continued and experiments conducted on artificial drying of the flowers of the plant to permit easier handling and safer storing. Studies on sweet potato planting and harvesting, started in a preliminary way this year, are to be continued in connection with the Starch Plant at Laurel, Mississippi. Because of the advent of the one-plow tractor and the changes brought about by the increasing use of rubber tires on both tractors and field equipment, studies are to be undertaken on farm power.

5. Farm Buildings and Related Investigations.--This work includes investigations designed to develop better and more efficient farm structures for all uses. Surveys in 1934 indicated that one-sixth of all farm houses had deteriorated to a point where they should be replaced by new buildings and that the needed expenditures for bringing the remaining five-sixths to a desirable standard would run into billions of dollars. Observations during the past year and detailed surveys of small districts indicate that little progress in farm building rehabilitation has yet been made, and that there is a tremendous accumulated volume of repair and rebuilding required. To assist farmers to determine the value of various kinds of improvements, the Wisconsin Agricultural Experiment Station and the Bureau of Agricultural Engineering are measuring conditions which affect the use, comfort, and lighting of typical farm homes and are studying the effect of improvements. Remodeling of the first two homes studied has been completed by the owners, and measurements are being made in the improved houses to determine the benefits that have been obtained. Similar work on other types of houses is in progress. In Georgia, where high temperatures affect the comfort and well being of persons, animals, and stored products, methods of controlling temperatures in buildings by structural and other simple means are being investigated by the University of Georgia and this Bureau. Studies of water supply and sewage disposal and of heating and cooking equipment for farm use are also being conducted. A survey of farm fences, showing the need for a large amount of fence repairs and rebuilding has recently been made, and a bulletin giving the most up-to-date information on this subject is being prepared.

Studies on the storage of farm products deal with various crops. Potato storage is being studied in Maine and Michigan; corn storage in Iowa and Illinois; apple storage in Virginia, and the design of silos in Maryland and New Jersey. The work also includes laboratory measurements of the heat developed by stored products and studies of the transportation of fruits and vegetables and of the cooling of milk on farms.

To make generally available to farmers the results of research work dealing with farm structures, the 12 Northeastern State agricultural colleges and this Bureau cooperated in the preparation of a catalogue of more than 100 plans selected for special merit, for the use of farmers, extension workers, lumber dealers, and rural contractors and builders. The plans illustrated are made available through the extension services of the cooperating colleges. A similar service for the eleven far Western states is now in preparation and one for the Southern States is contemplated. The Middle West is already served by the Mid-West plan service inaugurated in 1933.

6. Machinery for Processing Farm Products, - Cotton Ginning.--

Work under this project consists of experimental laboratory studies designed to improve the equipment and methods employed in ginning cotton. Under a special appropriation heretofore made by Congress a cotton ginning laboratory has been built at Stoneville, Mississippi, and experimental ginning is in progress. Preliminary investigations have indicated certain parts of the process that apparently should be studied first and these are now being investigated. To secure the benefits that can reasonably be expected from this project it will be necessary to continue the work over a period of years. The project is being conducted in cooperation with the Bureau of Agricultural Economics. A cotton drier which was developed in connection with this project has been placed in production by several manufacturers. It is proving to be both efficient and economical.

7. Farm Operating Efficiency Investigations.--

This project has for its object the improvement of the operating efficiency of farms. It is evident that the size and shape of the fields, the condition of the fields as regards wet spots, steep hillsides, and stumps and stones, and the kind and amount of crops raised must be considered in determining the type and size of farm machinery which should be used. It is necessary that the individual farm be treated as a unit, with all the interlocking elements of the farm business in proper relationship. In order to secure such a balanced farming program, this project is being carried on in cooperation with farm management authorities. The investigations have involved the making of complete surveys of a number of farms which are typical of a section or State. A complete farm program is then prepared and the benefits which will be received by the farmer are determined after the improvements are made. To illustrate the necessity for this project, preliminary surveys have shown that on 18 farms in northern Minnesota, containing a total of 181 fields, the average size of field was 4 acres; on 10 farms in one county in North Carolina there were 218 fields having an average size of 2.03 acres. It is obvious that modern equipment can not be used and low-cost methods of production employed under these conditions. It has been found that by comparatively inexpensive rearrangement the average size of fields on the farms studied could be more than doubled. This project is considered to have great possibilities from the standpoint of effective utilization of land now under cultivation.

EMERGENCY FUNDS

(1) Direct Allotments

Projects	Obligated, 1937	Estimated obligations, 1938
<u>Public Works Allotments (National Industrial Recovery Act):</u>		
Rio Grande joint investigations: To develop basic information regarding the use of irrigation water on the upper Rio Grande. (Transferred from National Resources Committee).....	\$30,720	- - -
<u>Emergency Appropriation Act, 1935</u> <u>Public Works Administration):</u>		
Physical improvements at farm tillage experimental laboratory Auburn, Alabama (completion of work begun in 1934).....	16,808	\$130
<u>Total, Direct Allotments</u>	<u>47,528</u>	<u>130</u>

(2) Indirect Allotments
(Financed through other Government Agencies)

Projects	Obligated, 1937	Estimated obligations, 1938	Estimated obligations, 1939
<u>Emergency Conservation Work</u> (authorized by Act of March 31, 1933 as amended; allotment through War Department): Work by engineers of the Bureau of Agricultural Engineering making research investigations and directing and supervising the operation of Civilian Conservation Corps camps engaged in the maintenance of drainage improvements.....	\$66,199	\$75,000	\$75,000

PASSENGER-CARRYING VEHICLES

The authorization for the purchase of passenger-carrying vehicles for the Bureau of Agricultural Engineering contemplates an increase of \$1,375 (\$3,000 in 1938, \$4,375 estimated for 1939). This will permit the needed replacement of 7 vehicles at a net average cost of \$625 each when exchange allowances are taken into account.

The automobile is practically indispensable for the proper conduct of the Bureau's work, since a great many of the points visited are in remote areas where public transportation facilities are very limited and in many cases not at all available. The Bureau has many experimental projects located on privately-owned farms, and it is sometimes necessary that employees go from farm to farm in checking up on these projects. An automobile makes it possible to visit a number of farms in a day. Public conveyances are not available for such trips. Records kept over a series of years indicate that the average per-mile cost of a Government-owned car, figuring in the purchase price and all operating and maintenance expenses up to the time it is turned in as no longer serviceable and then deducting the exchange allowance, is about 3 cents. On the other hand, the cost of hiring personally-owned vehicles averages about 4 cents per mile and for hiring commercial cars from 10 to 15 cents per mile.

With the exception of two automobiles which have been operated over exceedingly rough country or which developed serious mechanical defects after a comparatively short period of use, the cars to be replaced were purchased in 1931 and 1932. These machines have been operated under practically all conditions of use, ranging from city streets to extremely rough forest trails. Their average performance as of June 30, 1937 was approximately 52,000 miles, and considerably more mileage will be added before they are actually turned in. In the experience of the Bureau, cars will not operate efficiently or economically beyond this mileage, and it appears to be distinctly in the best interests of the work to turn them in during the fiscal year 1939, as herein provided.

BUREAU OF AGRICULTURAL ECONOMICS

(a) SALARIES AND EXPENSES - PREAMBLE

Changes in Language

The introductory paragraph for "Salaries and Expenses" is amended in the Budget estimate to make the language conform to the more generally accepted phraseology used elsewhere in the appropriation Act. It is believed that insertion of authority for the employment of "persons and means" in the city of Washington and elsewhere will permit the elimination of the detailed objective itemization and give all needed general authority for the work prosecuted under this appropriation.

(b) GENERAL ADMINISTRATIVE EXPENSES

Appropriation Act, 1938 \$236,306
 Budget Estimate, 1939 236,306

PROJECT STATEMENT

Projects	1937	1938 (Estimated)	1939 (Estimated)
General administration and business service.....	\$236,042	\$236,306	\$236,306
Unobligated balance.....	264	- - -	- - -
Total appropriation.....	236,306	236,306	236,306

WORK UNDER THIS APPROPRIATION

The purpose of this appropriation is to provide for the general administration of the entire Bureau. It covers the activities of the chief and assistant chiefs of the Bureau in formulating general policies to be acted upon by the various divisions of the Bureau, as well as the direction and general supervision of all the research, service, and regulatory work. The appropriation also covers the various service units connected with the business administration of the Bureau.

(c) FARM MANAGEMENT AND PRACTICE

Appropriation Act, 1938	\$376,580
Budget Estimate, 1939	<u>356,580</u>
Decrease	<u>20,000</u>

PROJECT STATEMENT

Projects	1937	1938 (Estimated)	1939 (Estimated)	Decrease
1. Agricultural finance studies	\$71,943	\$74,977	\$74,977	- - -
2. Economic studies of land use	73,540	92,840	77,840	- \$15,000(1)
3. Farm population and rural life studies.....	32,877	43,635	43,635	- - -
4. Farm management studies.....	152,431	165,128	160,128	- 5,000(2)
Unobligated balance.....	25,789	- - -	- - -	- - -
Total appropriation.....	356,580	376,580	356,580	- 20,000

DECREASES

There is an apparent decrease of \$20,000 in this item for 1939, as follows:

(1) An apparent reduction of \$15,000 under the project "Economic studies of land use", but, since \$10,000 is proposed to be transferred to the appropriation "Salaries, Office of the Secretary" in connection with the establishment of the Office of Land Use Coordination, there is a net reduction of \$5,000 in working funds under this project.

(2) A reduction of \$5,000 under the project "Farm management studies".

Both of these reductions will be met by curtailment of activities and reduction in operating expenditures.

WORK UNDER THIS APPROPRIATION

General.--This appropriation deals with the economics of farm production, including types of farming and the factors which determine the type in various geographic units. Work is carried on to determine the most effective form of organization of farms, including size, crops and livestock grown, financial and labor organization, and other matters concerning the farm as an economic producing unit. Analyses are made of the problems of farm-mortgage financing and production and marketing credit.

Farm taxation is studied and information published on trends in tax burdens, farm tax delinquency, and possible farm-tax reductions through economies in rural government and other means. Studies of farm insurance, farm population movements, standards of living, and various other farm problems are also made. Research work on land economics is directed toward assistance in formulating a definite, consistent and unified land policy that will provide a planned utilization of all land resources.

1. Agricultural Finance Studies.--This project covers studies of farm credit, farm taxation, and farm insurance.

Through the credit studies information is obtained and made available on amounts, distribution, and trends of farm-mortgage debt; prevailing costs and other terms and conditions of loans from each source, factors affecting terms, and conditions of production and mortgage credit; influences of monetary policies upon supply and cost of credit for agriculture; the place of merchant credit in farm finance; the relation of types of farming to the supply of production credit, etc.

Information on the extent of farm-mortgage indebtedness, more complete than any hitherto obtained, has been secured through a cooperative project with the Census Bureau, under which over 400,000 special schedules were sent out to farm land owners. This study revealed that the estimated total of farm-mortgage indebtedness declined from \$9,214,278,000 in 1930 to \$7,645,091,000 in 1935. This study also revealed a marked shift in the farm-mortgage holdings of various lending agencies. On January 1, 1928, the Federal land banks held 12.1 percent of the estimated farm-mortgage debt, whereas these institutions, together with the Land Bank Commissioner, held 32.7 percent of the total in 1935. During the same period the proportion of the total mortgage debt held by life insurance companies decreased from 22.9 percent to 16.3 percent. These data further revealed that 34.5 percent of all farms were mortgaged as of January 1, 1935. Farms operated by owners were more frequently mortgaged than tenant farms, the respective percentages being 41.5 and 25.2 percent. A project in cooperation with the Works Progress Administration is now tabulating recordings of farm mortgages filed and released from data obtained in about 900 counties in all 48 States.

Reports showing the amount of outstanding agricultural loans of commercial banks are being issued twice each year, bringing up to date the more comprehensive survey conducted in 1934 in cooperation with the three supervising banking agencies. A comparison of the experience of 17 Wisconsin banks in liquidating various kinds of loans to farmers and to others has just been concluded. Bulletins dealing with Federal seed loans, farm bankruptcies, and demand deposits of country banks have also been issued.

The increasingly heavy burden of taxation upon the farmer led the Bureau of Agricultural Economics to institute studies of the farm-taxation problem in 1924. Since 1927 data have been gathered continuously and have been in great demand by State and Federal agencies and agricultural workers.

The Bureau obtains information by States of (1) average tax per acre on farm land, (2) total taxes paid on farm property, and (3) relation of taxes to value of farm real estate since 1913. Estimates have been obtained also by States of the amount of rural tax delinquency each year from 1928 to 1932, amounts of delinquent taxes paid each year, acreage, assessed valuation, types of property involved, and other characteristics of the delinquency. Corresponding information is being obtained also on tax sales, records of land transfers, and other data. The current farm real-estate tax per \$100 of real estate value, according to preliminary studies, declined slightly between the 1934 and 1935 levies, due to an increase in real estate values. Likewise farm income increased significantly in 1933 and 1934, thus showing a reduction in taxes in relation to income, although the tax per acre has increased slightly. The Bureau's series of annual farm real-estate tax figures since 1913 has been extended through the tax year 1935. The index number for that year stands at 154 percent of the 1913 base. Collection of data for computation of the 1936 index number is now in progress.

The farm-insurance studies deal with problems of insurance protection for farmers of the following types: (1) "all-risk" crop insurance, (2) hail insurance, (3) windstorm insurance, (4) fire insurance, (5) livestock insurance, (6) accident insurance. They include investigation of farm hazards against which insurance is written or possibly could be written and means of eliminating such hazards, as, for example, farm fire-protection measures.

Principal emphasis in the past and current year has been upon actuarial studies for "all-risk" insurance to determine necessary premium rates and upon the consideration of plans for such insurance.

2. Economic Studies of Land Use.-- The land-use studies of this Bureau are essentially of a research character, designed to accomplish the fact-finding and analysis necessary to provide a sound foundation for the various practical steps, centered chiefly under Title III of the Bankhead-Jones Farm Tenant Act, involved in actively establishing purchase areas, acquiring title to land, arranging for its management, and guiding readjustments in land use.

Cooperative studies are carried on with State and local agencies directed toward the identification of those situations where the rural population pattern is poorly adjusted to land resources so as to guide the application of the land-use adjustment programs, and also toward the identification of areas offering superior opportunities for creating new farms so as to increase the effectiveness of the rural settlement activity. The problems involved in giving effect to desirable readjustments and the adaptability of measures for bringing about such adjustments or for preventing maladjustments under given situations are being studied in order to determine desirable public policies for facilitating the readjustments found desirable.

The tenancy situation, especially in the South, has become acute and is a significant factor in any program related to rational land use

and agricultural adjustment. Research work relating to farm tenancy is being directed to meet the needs of the Agricultural Adjustment Administration and the Farm Security Administration in connection with its programs under the Bankhead-Jones Farm Tenant Act.

For the purpose of providing a critical and unbiased appraisal of current changes in the farm real estate situation, an annual survey is conducted for the purpose of determining changes in farm values and in the frequency of voluntary and forced sales of farms, together with an analysis of the effects on values of such factors as income, taxation, credit policies, methods of handling distressed farm real estate, and other economic factors. The eleventh number of the series "The Farm Real Estate Situation", covering the year 1935-36, has been published, and preparation of the report for 1936-37 is in progress. Cooperation is extended to other departments and agencies of the Government in connection with land appraisal and other aspects of land use as a part of land acquisition and flood control programs.

3. Farm Population and Rural Life Studies.--- Information is compiled on the trends of farm population, the causes of movements to and from the farm and other economic aspects of population shifts, including an annual estimate of the number of persons living on farms. Population migration is a vital factor in maintaining the balance between agricultural and industrial activities, and information on the subject has been eagerly sought by agricultural workers throughout the United States. Population research underlies land-use planning, rural rehabilitation, and agricultural adjustments. Expenditures for living have been obtained and analyzed as an index to the economic situation in various localities.

4. Farm Management Studies.---Studies are made of farms and ranches in actual operation for the purpose of determining how farms can be organized as to size, kinds of crops, combination of crops and livestock, type of power and equipment, etc., to produce the best results. To this end the whole physical and financial organization and operation of the farm is studied by obtaining data from representative farmers in different farming areas as a basis for developing general and specific principles of good farm organization and operation.

As a result of this work the Bureau is able to point out adjustments in systems of farming and in farm practices that may be made by individual farmers and in various type-of-farming areas and regions to reduce costs, increase net returns, and in the long run enable farmers to make a better living, conserve their farm resources and as a group bring about a more permanent and stable agriculture. As a basis for such recommendations there must be adequate, continuous facts relating to the organization and operation of farms in each type-of-farming area in the country. Such information supplies also a factual basis for establishing action programs that will bring about improvements in present conditions and that will be helpful in preventing recurrences of undesirable conditions.

The work of the Division is carried on very largely in cooperation with the Agricultural Adjustment Administration, the Soil Conservation Service, State agricultural experiment stations, and other agencies, in order that the farm-management work of the Bureau may be directed toward the central objective of bringing about desirable systems of farming that will conserve farm resources and at the same time enable the farmer to maintain or increase his farm income.

In fulfillment of this general objective, studies are made by type-of-farming areas in the United States with special reference to problems of agricultural adjustment as they affect the farmers, individually and collectively. Information is gathered, compiled, analyzed, and published, or made available by other means, to individual farmers and to action agencies of the Government on farm-management problems relating to soil management, efficiency in production, desirable economic farming units, effects of agricultural-adjustment programs on the farmer's opportunity of maintaining his income, etc. Costs of producing individual commodities and of operating the farm as a unit are made a part of the program of research. Figures are published annually for separate regions and groups of producers on the cost of producing a number of the principal agricultural products. Furthermore, in many of the studies of desirable systems of farming and needed adjustments costs and returns are given a prominent place.

With reference to this field of research, the Bureau's obligation to farmers as individuals and as groups can be met most effectively through fundamental research in farm management that has specific application to problems of the individual farmer and broad, general application in formulating Government policies and programs that in the end necessarily affects all farmers, individually and collectively.

EMERGENCY FUNDS

Projects	Obligated, 1937	Estimated obligations, 1938
<u>Emergency Relief Act, 1936:</u>		
Survey of farm mortgages, land values and transfers, and farm taxes.....	\$2,002,330	- - -
<u>Emergency Relief Act, 1937:</u>		
<u>Assistance for Educational, Professional, and Clerical Persons:</u>		
Survey of farm mortgages, land values and transfers, and farm taxes.....	- - -	\$191,483
Administrative Expenses.....	- - -	5,000
Total.....	2,002,330	196,483

(d) MARKETING AND DISTRIBUTING FARM PRODUCTS

Appropriation Act, 1938	\$808,650
Budget Estimate, 1939	<u>823,650</u>
Increase	<u>15,000</u>

PROJECT STATEMENT

Projects	1937	1938 (Estimated)	1939 (Estimated)	Increase or decrease
1. Fruits and vegetables, marketing research on.....	\$50,643	\$55,229	\$55,229	- - -
2. Livestock, meats, and wool, marketing research on.....	57,675	68,078	108,078	+ \$40,000(1)
3. Dairy and poultry products, marketing research on.....	23,342	25,209	25,209	- - -
4. Hay, feed, and seed, marketing research on.....	53,063	54,000	54,000	- - -
5. Cotton marketing and utilization research.....	49,373	50,410	50,410	- - -
6. Cotton standards, testing, and ginning research.....	141,086	176,932	156,932	- 20,000(2)
7. Grain standardization and marketing research.....	66,864	71,686	71,686	- - -
8. Analysis and statistical research on agricultural conditions and trends.....	125,500	125,518	120,518	- 5,000(3)
9. General marketing studies.....	34,570	42,500	42,500	- - -
10. Outlook reports on the agricultural situation.....	93,720	93,924	93,924	- - -
11. Interpretation and dissemination of information on marketing research.....	44,539	45,164	45,164	- - -
Unobligated balance.....	15,774	- - -	- - -	- - -
Total appropriation.....	756,154	808,650	823,650	+ 15,000

INCREASES OR DECREASES

The increase of \$15,000 in this item for 1939 consists of:

(1) An apparent increase of \$40,000 under the project "Marketing research on livestock, meats, and wool", to be used for continuing the work now being done under the special item "Wool marketing studies", for which \$50,000 is available for 1938. With the elimination of the latter item in 1939, however, there is an actual reduction of \$10,000 in total working funds for the wool marketing work.

(2) A decrease of \$20,000 under the project "Cotton standards, testing, and ginning research." An increase of \$35,000 was provided in the 1938 appropriation Act for laboratory conditioning equipment (constant temperature and humidity control) for the recently constructed building in Washington which houses the cotton division of the Bureau. Since the estimates were made a year ago prices of this type of equipment have increased greatly. The Bureau has experienced great difficulty in securing bids for this equipment, and the complete installation cannot be made with funds made available for 1938. A decrease of \$20,000 is therefore being shown in this item instead of \$35,000 as had been contemplated.

The equipment will be used for classing rooms, staple type preparation, and technical fiber and color laboratories together with other scientific equipment. The equipment and laboratory facilities are needed in connection with the technological studies conducted under both the United States Cotton Futures Act and the United States Cotton Standards Act, as well as under cooperative agreements with State and other agencies.

Because of the hygroscopic nature of cotton and of the changes which its properties undergo with variations in moisture content, it has been found necessary to prescribe standard conditions of the atmosphere in connection with the standards for staple length. Existing orders require a temperature of 70 degrees Fahrenheit and a relative humidity of 65 percent.

(3) A decrease of \$5,000 under the project "Analysis and statistical research on agricultural conditions and trends."

WORK UNDER THIS APPROPRIATION

General.--The purpose of this appropriation is to enable the Bureau to gather and disseminate information on the marketing of farm products, the adjustment of production to probable demand, and on various problems connected with the handling, grading, utilization, etc., of farm products.

The appropriation provides for economic and statistical research covering most of the important farm products. Analyses are made of the great volume of statistics gathered largely by the various activities of the Bureau in order to establish the statistical position of each agricultural product. These data are published in annual outlook reports and in periodic bulletins on the agricultural situation and price situation and in other releases and are carried directly to the farmers by the farm-management and other workers of the Bureau and of cooperating agencies.

Problems connected with the handling, grading, packing, shipping, and marketing of products are studied and recommendations are made for improvements. Numerous laboratory studies are carried on, such as spinning and ginning tests of various types and grades of cotton and milling, baking, and other tests connected with the grading of grain. Extensive research is carried on concerning problems connected with the grading of farm products.

1. Marketing Research on Fruits and Vegetables.-- This work aims to bring about improvement in the handling and marketing of fruits and vegetables

and to develop standards and grades for universal use in the grading and marketing of fruits and vegetables. Standards defining in detail the quality and size requirements and tolerance for 58 of the most important fresh fruit and vegetable crops have been worked out and published. The practice of grading products to meet the requirements of U. S. standards has prevented much loss due to waste and deterioration in transit through the eliminating of culls and defective specimens. The adoption of these standards by canners as a basis for purchasing raw products from growers is becoming more widespread each year. The rendering of decisions under the provisions of the Perishable Agricultural Commodities Act has been greatly facilitated by buyers and sellers using the standards as a basis of sale. The standards are also used very extensively as a basis for controlling shipments below a certain quality and for proration of shipments in connection with marketing agreements.

Developments in marketing which are of particular current interest are being studied, such as the use of consumer size containers, marketing by motor truck, grading, marking; inspection legislation, both State and National; and the working out of practices which will result in more effective marketing distribution of fruits and vegetables. There is a widespread demand for official information and recommendations regarding these phases of marketing.

The Bureau receives many inquiries relating to the preparation for market of various fruits and vegetables. The use of the best methods of grading, sizing, packing, etc., assists in eliminating waste and in obtaining for growers and shippers higher returns. Changes in methods of marketing and in containers used have created a demand for information.

2. Marketing Research on Livestock, Meats, and Wool.-- This project embraces studies of new developments and trends in livestock marketing methods and practices and the factors causing shifts and changes in production and marketing, analyses of supply and demand conditions and the effects of changing conditions on prices, production, and distribution, and the determination of the relationships between wholesale and retail prices of meats and between meat prices and livestock prices.

Special attention is being given to the growth of direct marketing of livestock and to the more recent rapid development of livestock auctions and the factors which have contributed to the changes in marketing methods. The spreads between the prices received by producers for livestock and those paid by consumers for meats are being studied to determine the extent to which they fluctuate and the causes of such fluctuations. Studies of the relationship of meat prices to livestock prices not only involve price comparisons but also include slaughter tests with animals of different grades and weights and from different areas of production for the purpose of ascertaining the variations in product yields and in market values according to class and grade and method of finishing and the effect of these variations on prices and spreads. These yield data are also used in the research studies involving the appraisal of grade standards for both livestock and meats.

The wool standardization work embraces the preparation and distribution of practical forms of the official standards for diameter of fiber of wool and wool top, distribution of wedge ruler strips for fiber measurement, research for improvement and extension of the standards, etc.

Wool marketing studies include investigations into general and local methods of preparing, packing, and other steps in wool marketing. Experimental work in grading wool in the producing section has been carried on. Studies of the auction method of selling wool and other developments in wool marketing are being made. Assistance is given marketing officials and producers' organizations in their marketing problems.

Wool shrinkage research is concerned with the study of the extraneous matter and clean content of grease wool, the methods for their determination, the local and seasonal variations, etc. During the fiscal year an extensive dual program was undertaken for the development of a reliable method of sampling clips at the ranch and the perfection of a method for the laboratory scouring of the samples. Specialists were in the field throughout the shearing season appraising and sampling clips for purposes of laboratory testing of the samples under controlled conditions. The Bureau cooperated with the State experiment stations in Texas and Wyoming and plans to extend the cooperative research to other State experiment stations and colleges in wool-producing States that wish to engage in it. The development of a standard method of obtaining the shrinkage of a clip of wool from the testing of small samples is sought.

The wool fiber research embraces the study and measurement of wool and other fibers with the microscope and other means.

3. Marketing Research on Dairy and Poultry Products.-- The object of this work is to conduct thorough studies of the marketing of dairy and poultry products, including methods and costs of their preparation for market, etc. Standards are prepared for the various products and their use explained and demonstrated. Studies are made also of the production, marketing, distribution, and consumption of these products, price quotations, and trade and exchange practices. Assistance is given in meeting special problems resulting from changing conditions and in working out more efficient and economical methods and practices. Consumer demands and preferences are being studied and more complete data on utilization are being compiled and published.

4. Marketing Research on Hay, Feed, and Seed.-- This project covers studies of methods and practices in connection with the marketing of various types of hay, alfalfa and alfalfa meal, beans, soybeans, peas, seeds, etc. Assistance is given on special problems and effort is made to work out improvements in methods leading to the more efficient and economical handling of these products. Standards have been prepared for most of the commercial classes of hay, beans, soybeans, and peas.

5. Cotton Marketing and Utilization Research.-- Studies are made of methods of marketing cotton and cottonseed as a means for determining the services rendered by the various marketing agencies, the costs, prevailing margins, and relative efficiency of various methods. The work aims to provide a factual basis for improving market conditions and practices and to bring about better coordination of market procedure with the crop-improvement programs and with spinners' requirements and preferences relative to cotton quality.

Studies of cotton utilization are carried on in cooperation with mills and other industries engaged in processing or using cotton and information is obtained from secondary sources such as the Census reports, reports of the Cotton-Textile Institute, and other trade associations. Data regarding quantitative and qualitative requirements of cotton mills and various other industries are obtained, as well as information regarding the factors affecting the consumption of various qualities of cotton, such as machinery, labor costs, kind of goods produced, general business conditions, and competing products. Utilization studies indicate the probable demand or future requirements for cotton and point the way to the fields in which the most effective work can be done in finding new uses and extending present uses for cotton. Actual work in developing new and more suitable cotton fabrics for specific purposes is accomplished by laboratory and commercial mill tests in cooperation with the Textile School of the University of North Carolina and with individual manufacturing plants.

6. Cotton Standards, Testing, and Ginning Research.--The Bureau is charged with the duty of establishing standards for cotton and of issuing practical forms to all persons who apply. The use of these standards is made mandatory in all transactions in interstate and foreign commerce in which standards are used. The purchase and sale of American cotton throughout the world is largely based on the official standards and no other standards are used in this trade. The Cotton Standards Act, moreover, makes certificates of classification issued by the Department prima facie evidence of correct classification in all United States Courts.

Practical work of measurement of cotton quality is being conducted to establish the factual basis and technique by which (1) cotton may be graduated in accordance with usefulness; (2) processes of distribution can be facilitated in so far as the identification, selection, and assembling of like qualities of cotton and the description of these qualities are concerned; (3) manufacturers can identify, select, and specify the qualities of cotton needed in specific uses; (4) knowledge, concepts, and methods may be developed with a view to application to breeding and production of the American cotton in accordance with maximum utility for specific and major uses; and (5) ginning technique can be developed with a view to conserving the actual and potential utility in the American crop.

The work is carried on through laboratory studies on the various factors of quality. These studies are highly technical and are carried on under controlled atmosphere and other conditions and through the use

of much specialized equipment. Some of the equipment is provided by State colleges, manufacturers, and others. Close cooperation is maintained with cooperating agencies outside the Department and with the Bureaus of Plant Industry and Agricultural Engineering.

7. Grain Standardization and Marketing Research.--- This project covers the work of the milling, baking, and grain-testing laboratory and other work connected with the formulation and revision of grain standards and in meeting special problems and establishing policies with respect to the interpretation and application of the standards under the Grain Standards Act. This project cooperates with the Bureau of Plant Industry in ascertaining the milling and baking properties of the many hundreds of samples of grain grown by that Bureau throughout the country, thus enabling the crop-production units of the Department to select desirable varieties which have been tested in comparison with the commercial lots of grain which, in turn, are tested in connection with the formulation and revision of grain standards. Methods and practices involved in the harvesting, handling, storing, cleaning, artificial drying, and bulk handling of grain are studied, with a view to developing methods for improving the quality and market value of the grain and to avoid losses from deterioration of the grain while it is in storage or during transportation.

In order to be most useful the grain standards must be readily applied under practical conditions and must meet the needs of producers and the grain trade. For this reason research work must be continued in meeting new grading problems. The necessity for speed in grading samples has led to the development of a number of mechanical devices. Work is being continued for the purpose of improving grain-grading equipment.

8. Analysis and Statistical Research on Agricultural Conditions and Trends.--- The object of this work is to bring together as complete statistical information as possible with regard to each of the major agricultural commodities and to point out the significance of these data in terms of future trends in production, demand, prices, etc. Indices have been developed and kept current on prices, market movements, and stocks of important farm products, as well as data showing business activity and general price levels. Monthly estimates of the sale of farm products by months have been inaugurated, and a series of publications has been developed which shows the world situation with regard to cotton, wheat, livestock, wool, dairy products, and other important commodities. Information is gathered on prices received and prices paid by farmers and on agricultural income and the effects of various factors on agricultural income are appraised.

The conditions in industry, consumers' incomes, and foreign competition are studied as they affect the demand for American farm products. Analyses are made to determine the extent to which these conditions influence prices and shape their trends throughout marketing seasons and from one producing period to another. Results of the analyses are released in regular weekly, monthly, and annual reports and in special statements and graphic summaries.

The Bureau is taking a very active part in providing the factual basis for tariff adjustments and trade bargaining with foreign countries, in cooperation with the State Department and other agencies of the Government.

9. General Marketing Studies.-- This project carries on a program of research in the general field of marketing agricultural products, dealing chiefly with regional and national problems. Most of these problems are concerned with the marketing of several products and involve questions of national policy. Examples of such problems are the development of sound marketing agreements, the coordination of Federal, State, and municipal regulations concerning the marketing of farm products, and the development of efficient and adequate facilities for handling farm products in regional and terminal markets.

The objects of this research are (1) to discover accurate facts about the marketing methods now in use, the history of their development, the relative costs and efficiencies of different methods, and the economic effects of various regulations or attempts to change marketing methods; (2) to appraise the probable economic effects of possible changes in marketing methods, market organization, or marketing facilities; and (3) to help to bring about a better understanding of the most important marketing problems and to provide a basis for national and regional marketing policies, with a view to lowering marketing costs, performing more adequate services, and increasing the consumption of agricultural products.

Studies recently undertaken aim to analyze the economic effects of certain kinds of State legislation which tend to restrict the free movement of agricultural products in interstate commerce. Legislation of this type has been increasing rapidly during the past decade and there is a decided need for working out sound policies and for defining the proper fields of the Federal and local governments.

10. Outlook Reports on the Agricultural Situation.-- The outlook reports in their present form were inaugurated in the spring of 1923, and these reports have been continued and enlarged from year to year. The object of these reports is to provide a comprehensive summary of the factors likely to affect the returns secured from each important farm product produced, so that an increasing number of farmers may adjust their cropping, breeding, and fattening programs to the prices and marketing conditions that may reasonably be expected at marketing time rather than on prices secured in past seasons.

The research work required to permit definite "Outlook" statements covering current and prospective supplies, prices, and returns has been increasing continuously. The reports have covered an increasing number of crops and an increasing number of kinds of livestock and livestock products. They also cover in more detail the prospect for various types of crops such as tobacco and wheat and prospects for livestock and other products produced for market at various seasons of the year.

The outlook reports are published well in advance of the new growing season and make available to farmers, in summarized form, the pertinent facts showing present and prospective trends in production, demand, market conditions, and price movements. The Bureau recognizes the need for the farmer to make forecasts with respect to these trends when deciding on a program of planting or breeding for the ensuing year and aims to furnish him with helpful information. The outlook report is part of an educational program carried to farmers largely through the Extension Service. The information is adapted to State and local conditions through the issuance of special State outlook reports.

11. Interpretation and Dissemination of Information on Marketing Research.-- The statistical and economic, editorial, informational, and distribution work of the Bureau is done for all forms of release--publication, mimeographed reports, press releases, radio broadcasts, exhibits, motion pictures, and materials for extension workers. All Bureau publications are appraised, verified, edited, and prepared in form for release. Manuscripts and reports on statistical and economic subjects are prepared to meet various forms of inquiry.

The Department publications "Crops and Markets" and "The Agricultural Situation" are edited and supervision is maintained over all Bureau mailing lists and periodicals. Charts covering economic information are prepared and sold to extension workers and others, and exhibits are prepared for fairs and expositions in cooperation with the Extension Service of the Department. Supervision is maintained over the photographic laboratory and job printing and mimeographing orders are handled. Many special releases covering various phases of the Bureau's work, as well as information on statistical and economic subjects in reply to inquiry, are prepared.

(c) CROP AND LIVESTOCK ESTIMATES

Appropriation Act, 1938	\$686,289
Budget Estimate, 1939	671,289
Decrease.	15,000

PROJECT STATEMENT

Projects	1937	1938 (Estimated)	1939 (Estimated)	Decrease
1. Crop and livestock reports...	\$616,298	\$621,081	\$606,081	-\$15,000(1)
2. Compilation of current production and marketing statistics..	59,991	65,208	65,208	- - -
Unobligated balance.....	10,000	- - -	- - -	- - -
Total appropriation.....	686,289	686,289	671,289	- 15,000

DECREASE

(1) There is a decrease of \$15,000 in this item for 1939, involving curtailment of the work on cotton, grain, and commercial truck crops.

WORK UNDER THIS APPROPRIATION

General.--The general purpose of the work under this appropriation is to furnish comprehensive and reliable data with regard to the agricultural situation. The principal function is to collect, compile, analyze, record, and publish basic data of a statistical nature, obtained largely from primary sources, covering all phases of present and prospective crop and livestock production, stocks, prices received, prices paid by farmers, and related subjects.

1. Crop and Livestock Reports.-- The reports prepared under this project are the principal source of current information on agricultural production. As such they have a large influence in determining prices paid for the farm products of the nation. These official estimates furnish information which is used as a basis for trading on the commodity exchanges and often materially influence world prices, especially of cotton and wheat. Directly or indirectly these reports affect all persons who either buy or sell any American farm products. These statistics also provide the basis for formulating and conducting national agricultural programs and policies, as well as giving the farmers of the nation current economic information to use in planning their individual operations.

The work includes the collection and publication of timely information concerning the progress of growing crops; indicated production; estimates of stocks of agricultural commodities in the hands of farmers, elevators, etc; intended acreages; estimates of livestock numbers and production; and many other special reports.

At the close of each year final estimates are prepared, including acreage, yield per acre, quantity of production, farm utilization and income of 32 staple and special crops, 33 commercial truck and canning crops, and 23 fruit and nut crops; inventories of livestock and poultry estimates of livestock and poultry production; and production estimates for milk, wool, and eggs. Monthly and annual estimates of farm prices are also prepared to serve as a basis for evaluating production of crops, livestock, and livestock products and for measuring the rise and fall of agricultural price levels.

The information for the crop and livestock reports is obtained largely from questionnaires mailed to voluntary reporters, most of whom are farmers. Approximately 8 million questionnaires are sent out each year. Most of these questionnaires are returned to the 40 branch offices located throughout the United States. The information for each State is tabulated and summarized before being submitted to the Washington office for final analysis by the Crop Reporting Board. In addition to the information sent in by farmers, data are collected from large numbers of cotton ginneries, sugar manufacturers, rice mills, grain elevators, canners and processors, merchants, cooperative associations, railroads, and other agencies dealing in or handling agricultural products.

The information collected by the Bureau of the Census every five years is used as the principal basis for the estimates of crop acreage and production and numbers of livestock. The Agricultural Census reports do not cover all commodities, however, and for those items not included this Bureau must obtain records of shipments, assessments, stocks, crop measurements, and other data to establish base figures for current estimates.

Most of the tabulation and original preparation of estimates is done in the 40 offices maintained in the various States. In all, 25 State departments or boards of agriculture and 6 State colleges of agriculture are cooperating in the maintenance of these offices. The branch offices are located at Albany, N. Y., Athens, Ga., Austin, Tex., Boise, Idaho, Boston, Mass., Charleston, W. Va., Cheyenne, Wyo., College Park, Md., Columbia, Mo., Columbia, S. C., Columbus, Ohio, Denver, Colo., Des Moines, Iowa, Fargo, N. Dak., Gulfport, Miss., Harrisburg, Pa., Helena, Mont., Knoxville, Tenn., Lansing, Mich., Las Cruces, N. Mex., Lincoln, Nebr., Little Rock, Ark., Louisville, Ky., Madison, Wis., Montgomery, Ala., New Orleans, La., Oklahoma City, Okla., Orlando, Fla., Phoenix, Ariz., Portland, Oreg., Raleigh, N. C., Richmond, Va., Sacramento, Calif., Salt Lake City, Utah, Sioux Falls, S. Dak., Springfield, Ill., St. Paul, Minn., Topeka, Kans., Trenton, N. J., and West Lafayette, Ind.

2. Compilation of Current Production and Market Statistics.-- The function of this project is to keep a consolidated record of statistics relating to agriculture in such form that the data are readily available for answering correspondence and for the use of research workers. A statistical analysis and checking unit is maintained to aid professional workers of the division in their statistical analyses, including tabulation and compilation of data, making charts and correlation analyses, and other necessary work under the direction of scientific workers. All statistical bulletins prepared for publication in the Bureau are checked in this unit for accuracy of statistical compilations, correct tabular forms, and accuracy of text references to figures in order to conform to the established standards of the Bureau.

(f) FOREIGN COMPETITION AND DEMAND

Appropriation Act, 1938	\$298,000
Budget Estimate, 1939	295,000
Decrease.	<u>3,000</u>

PROJECT STATEMENT

Projects	1937	1938 (Estimated)	1939 (Estimated)	Decrease
Foreign competition and demand.....	\$284,623	\$298,000	\$295,000	- \$3,000(1)
Unobligated balance.....	13,377	- - -	- - -	- - -
Total appropriation....	298,000	298,000	295,000	- 3,000

DECREASE

(1) The decrease of \$3,000 under this item for 1939 will involve curtailment of activities connected with economic research on international trade in agricultural products.

WORK UNDER THIS APPROPRIATION

An Act of Congress approved June 5, 1930, provides for the acquiring of information regarding world competition and demand for agricultural products, the production, marketing, and distribution of such products in foreign countries, and the dissemination of this information throughout the United States for the benefit of farmers and others. It provides also for investigation abroad of economic phases of the agricultural industry, the demonstration of standards for agricultural products in foreign countries, and other matters.

The service renders very valuable assistance to American farmers and shippers by acquainting them with foreign market needs and preferences. Much information on the foreign market situation is released regularly in the publication "Foreign Crops and Markets" and is sent out over the Bureau's leased telegraph wire system to the various news service branch offices to be given publicity throughout the country.

This Bureau keeps in constant touch with the changing agricultural situation in the principal foreign countries, both through its own representatives and through cooperation with other Government agencies, the International Institute of Agriculture, and departments of foreign Governments.

In the work on reciprocal trade agreements the primary function of the Bureau is to provide from its professional staff representatives of the Department of Agriculture on the numerous interdepartmental committees which have been established under the trade-agreements program. These representatives, on the basis of careful analysis of the pertinent statistics and other information on agricultural production, consumption, and trade, are expected to assist in the preparation of the schedules in the individual trade agreements relating to concessions to be secured by the United States and to be granted by this country on agricultural products. They are expected to suggest concessions that will be beneficial from the standpoint of our exports, as well as to provide basic information in regard to the industries likely to be affected by duty reductions by the United States on agricultural products. They are also expected to follow the actual operation of trade agreements from the standpoint of their effect on agricultural exports and imports.

Basic research and investigations are constantly carried on in respect to trends in foreign agricultural production, international trade in agricultural products, and foreign governmental policies relating to agriculture. Outstanding examples of studies in this field in the fiscal year 1937 were an investigation of cotton production in the State of Sao Paulo, Brazil, a study of Germany's capacity to produce agricultural

products, and a study of the operations and results of recent French wheat policy.

Field offices are maintained in London, Paris, Berlin, Belgrade, Buenos Aires, and Shanghai. Several commodity specialists are employed to make special investigations covering particular products in the foreign field.

(g) MARKET INSPECTION OF FARM PRODUCTS

Appropriation Act, 1938	\$426,500
Budget Estimate, 1939	<u>459,700</u>
Increase.	<u>33,200</u>

PROJECT STATEMENT

Projects	1937	1938 (Estimated)	1939 (Estimated)	Increase
1. Inspection and certification of fruits and vegetables.....	\$264,429	\$273,795	\$273,795	- - -
2. Grading and certification of canned fruits and vegetables..	16,957	25,400	40,400	+\$15,000(1)
3. Grading and certification of dairy and poultry products....	28,946	43,190	50,690	+ 7,500(2)
4. Inspection and certification of hay, beans, soybeans, etc..	27,981	28,350	28,350	- - -
5. Grading and certification of meat.....	30,828	31,150	41,850	+ 10,700(3)
6. Inspection and certification of rice.....	4,594	4,615	4,615	- - -
7. Grading and certification of cottonseed.....	- - -	20,000	20,000	- - -
Unobligated balance.....	4,798	- - -	- - -	- - -
Total appropriation.....	378,533	426,500	459,700	+ 33,200

INCREASE

The increase of \$33,200 in this item for 1939 consists of:

(1) An increase of \$15,000 to extend the grading and certification service on canned fruits and vegetables at Portland, Oregon, Philadelphia, and Chicago. The contemplated office at Portland is new. It has been necessary in the past year to decline many requests for service to canners and dealers in canned products who have desired to sell their products on the basis of official grades. The present personnel is not sufficient to render this increased service. This service was more than 50 percent self-

supporting during the past year and it is expected that the receipts will be greater during the current and future years.

(2) An increase of \$7,500 for providing adequate supervision of the grading of eggs and the grading and inspection of poultry. In recent years this grading and inspection service has grown very rapidly and additional supervisory personnel is very badly needed for the supervision of the work carried on in the Chicago district and also on the Pacific coast. This increase, therefore, will be used for the employment of two supervisors, one of whom will be located at Chicago and the other at San Francisco. This service is very largely self-supporting.

(3) An increase of \$10,700 to provide additional personnel for the meat grading and certification service. An increase in the supervisory staff will be necessary in order that the service may be maintained on an efficient and uniform basis. With the increase of \$10,700 requested it will be possible to employ two supervisors and provide for their traveling expenses. These supervisors will be in a travel status during the greater part of the year. A very large part of this service is carried on in cooperation with the National Live Stock and Meat Board under an agreement which provides that the Board shall receive payment for services rendered by and pay the salaries of graders included under the agreement. Any funds remaining in the Board treasury after deducting salaries and a nominal cost for administration revert to the Federal treasury. It is planned to continue this arrangement with the Board. The service is maintained on a fee basis and has been entirely self-supporting.

WORK UNDER THIS APPROPRIATION

General.--The purpose of this appropriation is to provide a disinterested inspection and grading service for farm products. This service is permissive in character, the Federal inspector making the inspection only at the request of an interested party. Certificates are issued which constitute prima facie evidence in the courts of the United States as to the quality and condition of the shipments inspected. These certificates serve as a basis for trading as well as for the settlement of disputes. A very large part of the work is on a cooperative basis, the Federal bureau furnishing supervision only. The work under the entire appropriation has been about 75 percent self-supporting, since fees amounting to \$282,054 were returned to the Treasury during the past year.

1. Inspection and Certification of Fruits and Vegetables.--The work under this project covers the inspection and certification of fresh fruits and vegetables at 48 important receiving markets. A similar inspection service is conducted at shipping points in more than 40 States in cooperation with State agencies. In addition, large quantities of products are inspected for the purchasing departments of the Navy and Marine Corps and other Federal agencies.

Shippers use the service extensively in making f.o.b. sales to distant buyers, who demand standardized products. During the past year 361,191 cars were inspected at shipping points and 53,783 cars at receiving points. Since the passage of the Perishable Agricultural Commodities Act the inspection certificates have increased in value on account of

being received as prima facie evidence in hearings resulting from complaints filed under that Act. A very large amount of business is done with the railroads which use the Federal certificates as the basis for the settlement of claims.

The inspection service plays an important part in marketing American fruits in foreign markets. The Export Apple and Pear Act, approved June 10, 1933, requires that, with certain minor exceptions, all shipments of apples and pears in export must be accompanied by a certificate showing that the shipment meets the minimum quality requirements established by the Secretary of Agriculture for exportation of these commodities. The inspection service conducted under this item serves to enforce the Act. The French quarantine, which prohibits the entry into France of apples which are infested with San Jose scale, makes it necessary for shipping-point inspectors to examine fruit in each lot concerned before it can receive the French sanitary certificate issued by the Bureau of Entomology and Plant Quarantine.

Branch offices are maintained at Albany, N. Y., Atlanta, Ga., Baltimore, Md., Baton Rouge, La., Boise, Idaho, Boston, Mass., Buffalo, N. Y., Chicago, Ill., Cincinnati, Cleveland, and Columbus, Ohio, Columbia, S. C., Denver, Colo., Detroit, Mich., Fargo, N. Dak., Fort Worth, Tex., Great Lakes, Ill., Harlingen, Tex., Harrisburg, Pa., Hartford, Conn., Houston, Tex., Indianapolis, Ind., Jacksonville, Fla., Kansas City, Mo., Los Angeles, Calif., Memphis, Tenn., Milwaukee, Wis., Minneapolis, Minn., Newark, N. J., New Haven, Conn., New Orleans, La., New York, N. Y., Norfolk, Va., Oklahoma City, Okla., Omaha, Nebr., Orlando, Fla., Philadelphia, Pa., Pittsburgh, Pa., Portland, Oreg., Providence, R. I., Rochester, N. Y., Sacramento, Calif., St. Louis, Mo., Salem, Oreg., Salt Lake City, Utah, San Pedro, Calif., San Diego, Calif., San Francisco, Calif., Seattle, Wash., Vallejo, Calif., Washington, D.C., and Yakima, Wash. In addition, inspections are made at shipping points in cooperation with more than 40 States.

2. Grading and Certification of Canned Fruits and Vegetables.--

The service is of special value to canners who have need of an official determination of quality. It is also used largely by the purchasing agencies of the Government, especially the Veterans' Administration, and by an increasing number of State and municipal authorities and by commercial dealers. Under this project samples are graded from all lots of canned fruits and vegetables stored by public warehousemen licensed under the United States Warehouse Act, as a part of the supervision of warehouses licensed under that Act. Regional offices are maintained at Chicago, Philadelphia, and San Francisco.

3. Grading and Certification of Dairy and Poultry Products.--

This project covers the grading of dairy and poultry products in terminal markets and at shipping points for class, grade, quality, and condition; supervision of the inspection of dressed poultry for condition and wholesomeness at canning establishments; and the inspection of live poultry for crop and health condition (cooperative work in New York City).

Branch offices are maintained at Boston, Mass., Chicago, Ill., Los Angeles, Calif., Minneapolis, Minn., New York, N. Y., Philadelphia, Pa., Portland, Oreg., San Francisco, Calif., Seattle, Wash., St. Louis, Mo., and Washington, D. C.

4. Inspection and Certification of Hay, Beans, Soybeans, etc.--

This project consists of the maintenance of an inspection and grading service on hay, beans, soybeans, etc., and the supervision of licensed inspectors under cooperative agreements with State and other agencies. The service also includes the verification of dealers' records on seed in order that certificates may be issued showing the State of origin. This Service makes it possible for farmers to obtain seed which is adapted to their section of the country.

Branch offices are maintained at Atlanta, Ga., Chicago, Ill., Denver, Colo., Kansas City, Mo., Los Angeles, Calif., Minneapolis, Minn., Ogden, Utah, Portland, Oreg., San Francisco, Calif., and Seattle and Spokane, Wash.

5. Grading and Certification of Meat.-- The meat-grading service is available to commercial interests and to Federal, State, and city institutions that purchase supplies from markets where the grading service is maintained. In addition, a specialized type of service is rendered at slaughtering and meat-packing establishments by which beef and lamb carcasses are graded and stamped with a roller stamp in such a manner that the grade appears on the retail cuts for consumer information.

Through this service National standards for various classes of meats and meat products are being developed which provide convenience and economies in the marketing of these products according to values or grades. The use of these standards as a basis for buying and selling is increasing. Contracts by Federal, State, and municipal institutions are being awarded according to specifications based on Federal standard grades, providing a better basis for competitive bidding and buying and a better maintenance of dietary standards. The meat-grading service insures a reasonably high degree of uniformity in meat purchases. The grade stamp is shown on the meat and is of value to consumers as it insures delivery of meats of a definitely identified quality which makes for better satisfied consumers. When meats thoroughly satisfy consumers the tendency is for them to include more meat in their diet. There is a rapidly growing demand on the part of consumers for Federally graded meats. Livestock producers are benefited by the Federal meat standards and meat grading service in proportion to their use by the meat industry and by consumers in the selection of their meats according to grades. The grading and stamping service tends to encourage and stabilize market prices for livestock by grades according to consumer preference for such grades.

Branch offices are maintained at Baltimore, Md., Buffalo, N. Y., Boston, Mass., Chicago, Ill., Cleveland and Columbus, Ohio, Detroit, Mich., Kansas City, Mo., Los Angeles, Calif., National Stockyards, Ill., New York, N. Y., Oklahoma City, Okla., Omaha, Nebr., Philadelphia, Pa.,

Phoenix, Ariz., San Francisco, Calif., Seattle, Wash., Sioux City, Iowa, South St. Paul, Minn., Washington, D. C., Wichita, Kans., and Wheeling, W. Va.

6. Inspection and Certification of Rice.-- This work is conducted under joint agreements between this Bureau and State departments of agriculture in California, Texas, and Louisiana and commercial interests in Arkansas and covers rough, brown, and milled rice. Under these agreements the initial inspections are made by State officials under the supervision of the Bureau. Appeals from initial inspections are handled by the Bureau direct.

The grade certificates covering inspections of rough rice that are issued to the producers at the time they offer their rice for sale on the market give a definite indication of the milling value of the rice, and this makes it possible for the producers to demand and receive the full market price for their rice based on its utility and market value. The grade certificates covering milled rice are of special importance in connection with export transactions.

7. Grading and Certification of Cottonseed.-- An inspection service on cottonseed was inaugurated during the current fiscal year (1938). The work was undertaken in response to a general desire among producers, ginner, cottonseed crushers, and cottonseed crushing mill operators for an inspection service on cottonseed. Headquarters were established at Memphis, Tennessee, and the work necessarily limited to the States of Mississippi, Tennessee, Illinois, Kentucky, Missouri, Arkansas, and northeastern Louisiana.

Qualified persons are licensed to draw and to certificate the authenticity of samples of cottonseed under the supervision of this Bureau. The official or certificated samples are sent to qualified commercial chemists who are also licensed under the regulations to analyze the samples by approved methods of chemical procedure and to certificate the grade of each in accordance with the official standards. A copy of each grade certificate is furnished the market news service for its use in compiling market reports and later sent to the Washington office for use in research. A fee of 10 cents is collected for each grade certificate issued, which is turned in to the Federal Treasury as miscellaneous receipts.

(h) TOBACCO INSPECTION ACT

Appropriation Act, 1938	\$275,000
Budget Estimate, 1939	265,000
Decrease.	<u>10,000</u>

PROJECT STATEMENT

Projects	1937	1938 (Estimated)	1939 (Estimated)	Decrease
1. Inspection and certification of tobacco for class, quality, and condition.....	\$195,433	\$235,000	\$225,000	-\$10,000(1)
2. Market news service on tobacco	34,519	40,000	40,000	- - -
Unobligated balance.....	20,048	- - -	- - -	- - -
Total appropriation.....	250,000	275,000	265,000	- 10,000

DECREASE

(1) The decrease of \$10,000 in this appropriation for 1939 will involve curtailment of the tobacco inspection and certification work.

WORK UNDER THIS APPROPRIATION

General.--The Tobacco Inspection Act was approved August 23, 1935. The first main objective of the Act is to conduct a grading service and to furnish tobacco growers with dependable information as to the quality of their tobacco according to uniform standards. The second principal objective is to supply growers with market reports showing prices paid for the different grades. The Act authorizes the Secretary of Agriculture to establish standards for tobacco by which its type, grade, size, condition, or other characteristics may be determined, and the standards so established are the official standards of the United States used in the conduct of the market news and inspection services and other activities.

1. Inspection and Certification of Tobacco for Class, Quality, and Condition.-- The Tobacco Inspection Act authorizes the Secretary of Agriculture to designate auction markets upon which the tobacco bought and sold moves in interstate and foreign commerce. After public notice of not less than 30 days, no tobacco shall be offered for sale at auction at a designated market until it shall have been inspected and certified according to the Government standards by an authorized representative of this Department. This feature of the inspection service is applicable only upon the tobacco offered for sale at auction and is intended to provide growers with an official determination of the grade of their tobacco before it is sold by them. The designation of an auction market for inspection purposes must be preceded by a referendum and favored by two-thirds of the growers voting in such referendum. The Act provides that

the cost of the inspection at designated markets and the market news service shall be borne by the Government.

During the fiscal year 1937 total quantities of tobacco inspected, exclusive of certifications for the Agricultural Adjustment Administration and inspections for price-reporting purposes only, amounted to 152,607,344 pounds, compared with 142,863,806 pounds in 1936.

2. Market News Service on Tobacco.-- Section 9 of the Tobacco Inspection Act provides for a market news service primarily for the benefit of growers, in order that they may be daily informed of the price at which the various qualities of tobacco are being sold. Reliable market reports, based upon actual sales, have been found to be a valuable adjunct to an official inspection service. With the grade of this tobacco as determined by a financially disinterested representative of this Department and an official market report showing the prices being paid for the different grades, the grower is in position to decide whether to accept or reject the price offered for his tobacco.

Five temporary stations were opened during the past year from which 167,240 copies of reports were issued. Additional circulation of tobacco price reports was obtained through radio and press agencies. These reports were valuable to the grower as they are gotten into his hands while he has tobacco to sell.

(i) MARKET NEWS SERVICE

Appropriation Act, 1938	\$1,077,000
Budget Estimate, 1939	<u>1,062,302</u>
Decrease.	<u>14,698</u>

PROJECT STATEMENT

Projects	1937	1938 (Estimated)	1939 (Estimated)	Decrease
1. Market news service on livestock, meats and wool.	\$420,328	\$421,389	\$416,389	- \$5,000 (1)
2. Market news service on fruits and vegetables.....	424,757	427,673	422,673	- 5,000 (2)
3. Market news service on dairy and poultry products	138,962	139,138	139,138	- - -
4. Market news service on grain, hay, feed and seed.	73,257	73,857	69,159	- 4,698 (3)
5. Market news service on cottonseed.....	- - -	14,943	14,943	- - -
Unobligated balance.....	4,753	- - -	- - -	- - -
Total appropriation....	1,062,057	1,077,000	1,062,302	- 14,698

DECREASES

The decrease of \$14,698 in this item for 1939 is made up as follows:

(1) A reduction of \$5,000 in the allotment for "Market news service on livestock, meats and wool", which will involve the closing of the office and discontinuing the issuance of market reports at Baltimore.

(2) A reduction of \$5,000 in the allotment for "Market news service on fruits and vegetables", which will involve the closing of the office and discontinuing the issuance of market reports at New Orleans.

(3) A reduction of \$4,698 in the allotment for "Market news service on grain, hay, feed and seed", which will involve curtailment of the market reports on grain and seed at Portland, Oregon, and Chicago, Illinois.

WORK UNDER THIS APPROPRIATION

General.--The purpose of this appropriation is to gather and disseminate comprehensive market information for the benefit of producers and others throughout the country. The service is built largely upon information gathered by the Bureau's representatives in large central markets. Offices in the large terminal markets must be maintained in order to gather the information to be distributed to the shipping districts. These markets are connected with leased telegraph wires. The Bureau obtains under contract the exclusive use of certain telegraph wires throughout the day and employs its own telegraphers who transmit the market information over the wires in code and decode the incoming messages. The market reporters are in the market as soon as trading begins each day and report receipts and prices. The information goes over the leased wire to Washington and to other branch offices, where it is combined with other reports and released to the public. In addition, telegraph and mail reports are furnished the Bureau by common carriers and other reporters, and information with regard to supply and demand conditions in foreign countries is made available through the foreign service of the Bureau. This market information is given publicity throughout the country, especially in important producing districts, by telegraph, telephone, radio, mail, bulletin boards, newspapers, and other means.

1. Market News Service on Livestock, Meats, and Wool.--Branch offices are now maintained in 28 cities. Market conditions and prices are reported covering 27 public livestock markets, direct marketing of hogs in Iowa and southern Minnesota, direct and contract sales of sheep and lambs in the western range and Pacific coast States, 5 of the largest wholesale meat-marketing centers, and the Boston wool market. In addition, information is furnished several State departments for dissemination by radio and otherwise. The information is distributed by the Bureau's leased wire telegraph system, by radio, press associations, commercial telegraph companies, news trade and agricultural publications, boards of trade, telephone, bulletin boards, and by mail. All market reports are based upon the Bureau's standardized class and grade system.

It is highly essential to producers and marketing agencies to be kept fully informed concerning livestock supplies, movements, and prices if marketing is to be orderly and producers are to derive the maximum return that can be secured from the sale of their livestock. With gradual changes taking place in marketing practices, the gathering of information has required changes in technique that require greater intensification and closer supervision. The development of radio news dissemination resulted in extensive demands for frequent releases of trade news, all of which require careful but speedy work on the part of field office employees in obtaining facts and preparing authentic market reports for prompt dissemination.

Branch offices are maintained at Baltimore, Md., Boston, Mass., Buffalo, N. Y.*, Casper, Wyo.*, Chicago, Ill., Cincinnati, Ohio, Denver, Colo., Des Moines, Ia., Fort Worth, Tex., Indianapolis, Ind., Kansas City, Mo., Los Angeles, Calif.*, Louisville, Ky.*, Nashville, Tenn., National Stockyards, Ill., New York, N. Y., Ogden, Utah, Oklahoma City, Okla., Omaha, Nebr., Philadelphia, Pa., Pittsburgh, Pa., Portland, Oreg., St. Joseph, Mo., San Antonio, Tex., So. St. Paul, Minn., San Francisco, Calif., Sioux City, Ia., and Wichita, Kans. *(Not connected with leased telegraph system.)

2. Market News Service on Fruits and Vegetables.-- Permanent branch offices are maintained in 22 markets and, in addition, 44 field offices are in operation for varying periods. Daily information is gathered relative to receipts, unloads, market prices, and demand for fruits and vegetables in the principal markets and shipping sections of the country, also reports from the common carriers on carlot shipments, diversions, and passings. There are 87,627 names on the mailing lists for the reports. The information helps to bring about more orderly marketing of these products, eliminates waste and loss by keeping shippers informed of market demands, and helps to bring more equitable returns to growers. Reports are prepared summarizing the marketing of individual crops in producing sections from which daily market information has been released. Special reports showing unloads of cars of fruits and vegetables in a large number of markets were issued during the past year, as well as various reviews and summaries relative to the marketing of these commodities. Shipments of 829,369 cars of fruits and vegetables were reported.

Branch offices are maintained at Atlanta, Ga., Baltimore, Md., Boston, Mass., Chicago, Ill., Cincinnati, Ohio, Cleveland, Ohio*, Denver, Colo., Detroit, Mich.*, Fort Worth, Tex., Kansas City, Mo., Los Angeles, Calif.*, Minneapolis, Minn., New Orleans, La*, New York, N. Y., Oklahoma City, Okla., Philadelphia, and Pittsburgh, Pa., Portland, Oreg., St. Louis, Mo., San Antonio, Tex., San Francisco, Calif., and Seattle, Wash. In addition, many branch offices are operated for short periods during the heavy movement of important crops and information is furnished to State offices for dissemination. (*Not connected with leased telegraph system.)

3. Market News Service on Dairy and Poultry Products.-- This project gathers and disseminates current market information with refer-

once to production, manufactures, shipment, receipts, movement, prices, etc., on various classes of dairy and poultry products. Offices are maintained in 8 large terminal markets for the purpose of gathering information on market conditions. Special attention is being given to the study of wholesale price quotations and surveys are being made of the extent to which premiums are being paid by wholesale receivers in their purchases from country creameries. Reviews and summaries of the Bureau are reproduced in important trade journals.

Branch offices are maintained at Boston, Mass., Chicago, Ill., Los Angeles, Calif.*, New York, N. Y., Philadelphia, Pa., Portland, Oreg., San Francisco, Calif., and Seattle, Wash. (*Not connected with leased telegraph system.)

4. Market News Service on Grain, Hay, Feed, and Seed.--- This project furnishes to growers, country dealers, and others information relative to market developments, supply and demand conditions, and other factors influencing prices or the market situation for grain, hay, feed, seed, rice, beans, hops, and other products. The information collected from all available sources is analyzed and incorporated in market reviews which are issued at regular intervals and distributed to growers and other agricultural interests from Washington and 7 branch offices. These reviews are published widely in newspapers and trade journals.

Branch offices are maintained at Atlanta, Ga., Chicago, Ill., Kansas City, Mo., Los Angeles, Calif.*, Minneapolis, Minn., Portland, Oreg., and San Francisco, Calif. (*Not connected with leased telegraph system.)

5. Market News Service on Cottonseed.--- A limited market reporting service on cottonseed has been inaugurated. The object of the service is to furnish growers and others current information on the supply, demand, movement, and prices of various grades of cottonseed. The service was coordinated with the grading service begun under the appropriation for "Market Inspection of Farm Products".

Cottonseed stands among the eight or nine crops providing the largest cash farm incomes in the United States. In a number of the principal cotton-growing States it is second in value only to cotton lint.

A recent study indicates that the prices paid for cottonseed by individual cottonseed crushing mills frequently varied widely on the same day in the same general area and were irregular in their behavior. The margins taken by middlemen for handling cottonseed varied rather widely at the same time in different localities and at different times in the same locality. In an effort to correct this condition quotations for cottonseed of the base grade and the condition of the market were released hourly by radio, telegraph, and published in the daily papers. A weekly review of the market was issued which contained for each of the principal counties of production in the district covered by the report the prices paid for large and small

lots of cottonseed, the average grade of the seed sold, current quotations for the several crude products of cottonseed, and the yields of products obtainable per ton from cottonseed of the base grade, together with general market information as to the supply, demand, and movement. The work has been inaugurated in the so-called Memphis district, which includes Mississippi, western Tennessee, Illinois-Kentucky, Missouri, Arkansas, and northeastern Louisiana.

(j) PERISHABLE AGRICULTURAL COMMODITIES ACT

Appropriation Act, 1938	\$143,890
Budget Estimate, 1939	<u>143,890</u>

PROJECT STATEMENT

Projects	1937	1938 (Estimated)	1939 (Estimated)
Perishable Agricultural Com- modities Act.....	\$135,954	\$143,890	\$143,890
Unobligated balance.....	1,732	- - -	- - -
Total appropriation.....	137,666	143,890	143,890

CHANGE IN LANGUAGE

The language of this item has been revised by inserting the words "as amended". This change is necessary in view of the amendments of the original Act by the Acts of June 13, 1934 (48 Stat. 584), June 19, 1936 (49 Stat. 1533), and Aug. 20, 1937.

WORK UNDER THIS APPROPRIATION

The purpose of this appropriation is to provide for the administration of the provisions of the Act approved June 10, 1930, to suppress unfair and fraudulent practices in the marketing of fresh fruits and fresh vegetables in interstate and foreign commerce. This Act requires the licensing of all commission merchants, dealers, and brokers, with a few exceptions, and gives the Secretary authority to award reparations and to suspend or revoke the licenses of those who are found to have engaged in certain specified unfair and fraudulent practices in the marketing of these commodities. License fees of \$10 per annum are charged, and the receipts have exceeded the expenditures each year since the work was inaugurated.

During the fiscal year 1937, 2,405 complaints were received. In 756 of these amicable settlements were arranged; 70 formal hearings were held; and 276 orders were issued by the Secretary. There was an in-

crease of 223 in the number of complaints received, as compared with the preceding year. It is interesting to note that the proportion of trivial complaints has dropped and that those now received tend to be of a more involved and intricate nature. Since April 13, 1934, amicable settlements have resulted in known payments of \$663,750.77 to complainants. The following statement shows the growth of the work during the past three years.

	June 30, 1935	June 30, 1936	June 30 1937
Number of licenses in effect.....	15,697	16,653	18,077
Receipts deposited with Division of Accounts for transmission to Treasury.....	\$147,926	\$159,428	\$170,620

(k) STANDARD CONTAINER, HAMPER, AND PRODUCE AGENCY ACTS

Appropriation Act, 1938	\$30,238
Budget Estimate, 1939	<u>30,238</u>

PROJECT STATEMENT

Projects	1937	1938 (Estimated)	1939 (Estimated)
1. Enforcement of the Standard Container and Hamper Acts.....	\$23,747	\$21,138	\$21,138
2. Enforcement of the Produce Agency Act.....	5,700	9,100	9,100
Unobligated balance.....	791	- - -	- - -
Total appropriation.....	30,238	30,238	30,238

CHANGE IN LANGUAGE

It is recommended that the language of this paragraph be amended by striking out the clause "including the employment of such persons and means as the Secretary of Agriculture may deem necessary in the city of Washington and elsewhere".

This language duplicates authority carried in the introductory clause to "Salaries and expenses," which applies to all subappropriation items thereunder, and is believed to be unnecessary. This amendment will make the language of the item conform to the more generally accepted phraseology used elsewhere in the appropriation Act.

WORK UNDER THIS APPROPRIATION

General.-- Three Acts are administered under this appropriation, i.e., the Standard Container Act of 1916, the Standard Container Act of 1923 (Hamper Act), and the Produce Agency Act.

1. Enforcement of the Standard Container and Hamper Acts.-- The work under this project consists of the administration of the provisions of the two standard container Acts. These Acts fix the sizes for Climax baskets, containers for small fruits and vegetables, standard hampers, and round stave and splint baskets. The enforcement of these Acts involves the testing of samples of these containers in order to determine whether they comply with prescribed standards, the collection of evidence and the preparation, for submission to the Department of Justice, of cases against those who fail to comply with the provisions of the Act.

2. Enforcement of the Produce Agency Act.-- The work under this project consists of the administration of provisions of the Act entitled "An Act to prevent the destruction or dumping, without good and sufficient cause therefor, of farm produce received in interstate commerce by commission merchants and others and to require them truly and correctly to account for all farm produce received by them." This is a criminal statute providing fine or imprisonment for the fraudulent or dishonest handling of produce by a commission agency.

Complaints filed during the past year under the Produce Agency Act related almost entirely to failure to make proper returns or fraudulent accounting. Conviction in a Federal court was obtained in one case and a number of cases were pending at the close of the year. Violations of this Act are also violations of the Perishable Agricultural Commodities Act insofar as they relate to shipments of fresh fruits and vegetables on consignment and are handled under the latter Act, except in cases in which criminal prosecution seems appropriate.

(1) PEANUT STOCKS AND STANDARDS

Appropriation Act, 1938	\$10,000
Budget Estimate, 1939	<u>5,000</u>
Decrease.	<u>5,000</u>

PROJECT STATEMENT

Projects	1937	1938 (Estimated)	1939 (Estimated)	Decrease
Peanut stocks and standards..	- - -	\$10,000	\$5,000	- \$5,000(1)

DECREASE

(1) The decrease of \$5,000 in this item for 1939 involves discontinuing the gathering of information from peanut pickers and threshers. The work will be limited to obtaining information on stocks from shellers, cleaners, and manufacturers.

WORK UNDER THIS APPROPRIATION

The purpose of this appropriation is to provide for carrying into effect the provisions of the Act approved June 24, 1936, to provide for the collection and publication of statistics of peanuts. The funds are used to gather and publish statistical data on peanuts, including stocks in the hands of all warehousemen, brokers, and others, and reports on quantities picked or threshed by persons owning or operating peanut picking or threshing machines. These reports will furnish current information on production and stocks of peanuts and peanut oil.

The statistics covering picking and threshing are gathered by the field statisticians of the Bureau. Lists have been compiled of owners and operators of peanut picking machines in each of the peanut-producing States. Schedules are distributed from the field office in each State and the information is tabulated in the field offices and forwarded to the Washington office for publication.

Statistics on stocks held by warehousemen, brokers, cleaners, shellers, dealers, growers' cooperative associations, or owners other than the original producers of peanuts are handled in the Washington office. Schedules are mailed direct from the central office to the lists which have been compiled and the returns are tabulated and published.

(m) TOBACCO STOCKS AND STANDARDS

Appropriation Act, 1938 \$17,187
 Budget Estimate, 1939 17,187

PROJECT STATEMENT

Projects	1937	1938 (Estimated)	1939 (Estimated)
Tobacco stocks and standards....	\$16,374	\$17,187	\$17,187
Unobligated balance.....	813	- - -	- - -
Total appropriation.....	17,187	17,187	17,187

CHANGES IN LANGUAGE

Two changes in the language of this paragraph are proposed in the Budget estimates as follows:

(1) Insertion of the words "as amended" to cover the amendment to the original Act of Jan. 24, 1929, by the Act of Aug. 27, 1935.

(2) Striking out the clause "including the employment of persons and means in the city of Washington and elsewhere." This language duplicates authority carried in the introductory clause to "Salaries and Expenses" and its repetition here is believed to be unnecessary.

WORK UNDER THIS APPROPRIATION

The purpose of this appropriation is to carry out the provisions of an Act approved January 14, 1929, as amended August 27, 1935. The work consists of the compilation and publication of quarterly reports covering the quantities of leaf tobacco in the hands of dealers and manufacturers separated as to type and as to certain divisions within the type. They are published as of the first day of January, April, July, and October and represent the comparison of statistics of supplies held by dealers, warehousemen, and others who are required by law to furnish reports to this Department.

Tobacco stocks have an important bearing on prices paid to growers for new stock tobacco, and an accurate and detailed analysis of such stock is essential to protection of the growers' interests. The reports form the basis of studies relating to the prospective market position of different types of tobacco conducted on behalf of growers by State and Federal agencies. These reports are given wide publicity and are copied by trade journals.

(n) COTTON QUALITY STATISTICS AND CLASSING ACTS

Appropriation Act, 1938	\$224,517
Budget Estimate, 1939	<u>450,000</u>
Increase.	<u>225,483</u>

PROJECT STATEMENT

Projects	1937	1938 (Estimated)	1939 (Estimated)	Increase
1. Cotton grade and staple statistics.....	\$223,935	\$224,517	\$224,517	- - -
2. Classification and information service in communities organized for cotton quality improvement.....	- - -	- - -	225,483	+ \$225,483(1)
Unobligated balance.....	582	- - -	- - -	- - -
Total appropriation.....	224,517	224,517	450,000	+ 225,483

INCREASE

(1) An increase of \$225,483 is recommended in this item for 1939 for classification and information service in communities organized for cotton quality improvement.

The Act approved April 13, 1937 (Public No. 28, 75th Congress), amended the original Cotton Statistics Act of March 3, 1927, so as to authorize the Secretary of Agriculture to provide for the classification of cotton, to furnish information on market supply, demand, location, condition, market prices for cotton, etc., No appropriation was made for carrying on this work in the fiscal year 1938.

Studies made by the Department in recent years have shown that the majority of the growers market their cotton without knowledge of its quality or the price at which equal qualities are selling in larger central markets. Moreover, prices paid to growers in local markets do not as a rule reflect the premiums and discounts prevailing on the central markets. On the contrary, there is a definite tendency for growers on a given day and in a given market to receive the same prices without regard to differences in the quality of their cotton. The consequence is that growers' incentives for the improvement and maintenance of quality are largely destroyed.

In world competition superior quality is one of the greatest advantages which American cotton possesses. This fact has been rather clearly brought out in the experience of European spinners who have undertaken to substitute other growths. To preserve this advantage we should be seeking ways to make it worth while to growers individually to improve the quality of their cotton and to cooperate with each other in order to make the production of high-quality cotton general throughout the producing belt. Furnishing classing and quotations services to growers who would improve the quality of the cotton they produce by participating in "one-variety" community organizations should definitely help in this direction.

Large-scale improvement in the quality of cotton produced is dependent, also, upon making available to growers at moderate cost adequate supplies of relatively pure planting seed of superior varieties. Efforts to accomplish this result are being made in other countries, especially in Egypt and Russia, through legislation prohibiting the sale of planting seed not supplied or approved by the Government. In this country the stocks of desirable planting seed are now far short of the annual requirements for planting the entire crop. There are, however, large supplies of excellent seed stock available that are not being utilized to the best advantage because of failure of local markets to pay the grower premiums commensurate with the quality of the improved cotton. It is believed that in the United States the results which other countries hope to accomplish through compulsion may be achieved through voluntary community organizations, if properly encouraged and assisted by the Government.

When consideration was given to a similar bill in June, 1936, it was pointed out that a one-variety program was already under way. At that time, however, the cotton grown in "one-variety" communities aggregated only a few hundred thousand bales. Meanwhile, remarkable progress has been made and the Bureau of Plant Industry now estimates, on the basis of the best information obtainable, that during next season this crop-improvement program will function in considerably more than 500 organized communities distributed throughout the South and that the cotton grown in such communities will approximate 2,493,000 bales.

The increase in funds requested in the Budget estimate would be used to classify this cotton and to provide market news services in the communities involved. The estimated receipts (to be covered into the Treasury) from the sale of samples, are \$62,300. Thus the net total cost to the Government of the additional service will be about \$163,000.

CHANGES IN LANGUAGE

Two revisions are proposed in the language of this item, as follows:

(1) the appropriation title has been changed from "Cotton grade and staple statistics" to "Cotton quality statistics and classing Acts". This will better describe the work done under the original Act of March 3, 1927, and the amending Act of April 13, 1937 (50 Stat. 62).

(2) New language is added granting the amending Act of April 13, 1937, providing for cotton classification.

WORK UNDER THIS APPROPRIATION

General.-- The purpose of this appropriation is to enable the Bureau to carry into effect the Act of March 3, 1927, as amended by Act of April 13, 1937. The original Act provided for the collection and publication of statistics of the grade and staple length of cotton. The amendments provide for the classification of cotton upon request from groups of producers organized to promote the improvement of cotton and for the dissemination of market information on cotton.

1. Cotton Grade and Staple Statistics.--The work under this project is required by the Act approved March 3, 1927. The project gathers information and prepares estimates periodically concerning the grade and staple of cotton ginned at stated intervals from the crop, the number of bales of each grade and staple carried over from one season to another. and, while the Act does not specifically so direct, prior to 1933 a similar report was prepared on the grade and staple of cotton consumed by domestic mills. Four national reports and four reports for each of the 16 important cotton-producing States, besides weekly reports, individual gin reports, and a variety of special reports, are regularly issued during the ginning season. The carry-over report is issued on a national basis once annually. The consumption report, prior to the reduction in funds in 1933, was also issued on a national basis annually.

Prior to the 1932-33 season the grade and staple reports on the crop consisted only of those released at intervals of about a month during the ginning season on cotton ginned to specified dates. Beginning with 1932-33, complying with rather insistent requests for more frequent reports, a series of weekly reports, supplementing the periodic crop reports, were inaugurated for the United States, for individual States, and also for the districts into which the States are divided for purposes of the grade and staple reports. These more frequent reports on smaller areas than States are of much value during the marketing season. They were continued during the 1933-34 to 1936-37 seasons and showed the quality distribution of samples classed during weekly periods rather than the quantity distribution of actual ginnings during such periods.

During the 1936-37 season cooperating ginnerers again were furnished copies of the daily classification sheets showing the grade, staple, and preparation of each sample with numbers identifying the bales represented by the samples furnished for classification, which was a continuation of the service inaugurated at the beginning of the 1933-34 season. Because of the interest in the individual bale classifications, cooperating ginnerers agreed to furnish samples free beginning with the 1933-34 season in exchange for copies of the daily classification sheets with numbers identifying the bales, notwithstanding the fact that they had previously been receiving five cents per sample.

When the ginner so requests a report is mailed directly to the owner of the cotton showing the grade and staple of his individual bales. The value of the individual bale classification is evidenced by the fact that many more requests were made for this service during the past season than could be complied with. Many ginnerers who asked that the cotton ginned at their establishments be classed for the benefit of themselves and their patrons were necessarily denied the service because the available facilities were not adequate to permit such increased activities. A similar condition to a more acute extent will exist during the 1937-38 season, because many more ginnerers have already requested the service than can be accommodated through the classing and reporting facilities now available.

Branch offices are maintained at Atlanta, Ga., Dallas, El Paso, and Austin, Tex., and Memphis, Tenn.

2. Classification and Information Service in Communities Organized for Cotton Quality Improvement.--- This is a new project designed to carry out the purposes of the amendment of April 13, 1937, providing for classing and market news service in communities organized for cotton quality improvement.

It is planned to utilize so far as possible the organization already established for collecting and publishing statistics on grade and staple of cotton. In addition to the Departmental administration in Washington, this consists of five field offices located at Atlanta, Georgia, Memphis, Tennessee, Austin, Texas, Dallas, Texas, and El Paso, Texas.

It will probably be necessary to establish a field classing office in each of five additional places yet to be determined. These field classing offices will operate under the supervision of the present five regional offices and will class samples received from organized communities, record the classification, and return cards showing the grade and staple direct to the producer and to the ginner sending in the samples.

The market news work will be under the direction of a market news specialist located in Washington and will be carried out under the supervision of the five regional offices. At each of these offices it is proposed to station a market news specialist to be responsible under the officer in charge of the dissemination of market news. At the same time, the regular field personnel, with the addition of a marketing specialist at each office, will assist in disseminating market news and in making arrangements for the posting of the information and in regularly visiting communities to see that the information is posted.

In order to supervise the classers, it is necessary that samples be sent in from each field office to the Board of Supervising Cotton Examiners at Memphis. To take care of the classing of additional samples it will be necessary that two additional classers be assigned to this office with the necessary recorders and laborers.

A specialist in cotton classing will act as chairman of the committee and be responsible for the classing and for the operation of the field classing offices. Additional specialists will be employed temporarily but only for such lengths of time as their services are actually needed in classing.

In order to most fully utilize the services of the classing time, it is necessary that each classer be furnished with a recorder to record the classification. All samples will be returned to shipping sacks in which they came from the gin, properly identified and kept for a period of thirty days in order that the samples may be available for reclassing should there be any complaints on the classing. A sack of samples selected at random from each classer will be sent to the Board of Supervising Cotton Examiners for checking each day in order to keep all classing uniform. Junior marketing specialists will visit ginneries and leaders in organized communities, seeing that samples are properly drawn, labeled, and shipped promptly; assist in making arrangements for posting of market news; assist in explaining market news to groups of farmers; and check up to see that market news is properly posted.

It is proposed to utilize so far as available the Bureau's offices and classers located at Charleston, Savannah, Mobile, New Orleans, Houston, and Galveston. It will be necessary, however, to employ additional personnel to assist these classers.

(o) U. S. COTTON FUTURES AND U. S. COTTON STANDARDS ACTS

Appropriation Act, 1938	\$501,900
Budget Estimate, 1939	<u>491,900</u>
Decrease	<u>10,000</u>

PROJECT STATEMENT

Projects	1937	1938 (Estimated)	1939 (Estimated)	Decrease
1. Cotton futures and spot market investigations and cotton price quotations.	\$61,310	\$61,920	\$61,920	- - -
2. Preparation and distribution of official cotton standards . . .	123,351	120,186	120,186	- - -
3. Classing spot cotton, licensing classers for spot cotton, and purchase of cotton for preparation of standards	52,995	80,000	80,000	- - -
4. Supervision of the work of licensed classers of cotton . . .	75,344	88,869	88,869	- - -
5. Classification of cotton for delivery under the Cotton Futures Act	134,112	150,925	140,925	-\$10,000 (1)
Unobligated balance	39,999	- - -	- - -	- - -
Total appropriation.	487,111	501,900	491,900	- 10,000

DECREASE

(1) The decrease of \$10,000 for 1939 involves curtailment of work under the project "Classification of cotton for delivery under the Cotton Futures Act".

CHANGE IN LANGUAGE

It is recommended that the language of this paragraph be amended by striking out the clause "including all expenses necessary for the purchase of equipment and supplies; for travel; for the employment of persons in the city of Washington and elsewhere; and for all other expenses, including rent outside the District of Columbia, that may be necessary in executing the provisions of these Acts".

The language deleted duplicates authority carried in the introductory clause to "Salaries and Expenses" and its repetition here is believed to be unnecessary.

WORK UNDER THIS APPROPRIATION

General.---The Cotton Futures Act provides for the establishment by the Department of Agriculture of standards for the qualities of cotton; determination of the grade and staple of cotton delivered in settlement of futures contracts; supervision of the quotations of commercial differences in spot markets designated under the Act; and dissemination of information as to market prices and conditions. This Act was approved August 11, 1916, and amended from time to time.

The Cotton Standards Act requires the use of the official cotton standards in all interstate and foreign commerce transactions involving American cotton shipped by grade. It gives owners or holders of cotton the privilege of submitting cotton to representatives of the Department for classing and authorizes the Secretary to examine and license cotton classers. In the administration of the legislation agreements have been negotiated with the principal foreign cotton-trade association providing for the world-wide use of the cotton standards. This Act was approved March 4, 1923.

Receipts under the two Acts for the past year amounted to \$191,463.96.

1. Cotton Futures and Spot Market Investigations and Cotton Price Quotations.--- Prices on grades of cotton above and below Middling and on staple longer than 7/8-inch as quoted in ten principal spot markets of the United States designated for the purpose by the Secretary of Agriculture are required, under the U. S. Cotton Futures Act, to be used in the settlement of futures contracts whenever settlement is effected by delivery of cotton. The proper functioning of the cotton futures market necessitates that the price quotations of the designated spot markets shall reflect values of spot cotton of various grades and staples as indicated by actual sales. Active supervision of quotations in the spot markets, therefore, is essential. Information is disseminated widely among producers concerning the value of cotton of the different qualities.

The Cotton Belt has been divided for the purpose into three districts, with headquarters at Atlanta, Ga., Memphis, Tenn., and Dallas, Texas. A weekly Cotton Review is prepared at Washington which is based on information assembled at Washington from field offices. The review is telegraphed to the field offices, mimeographed, and furnished to a mailing list, as well as to news organs and to broadcasting stations for dissemination. In addition to the review, there is prepared at each of the three field offices a premium staple cotton report which covers the prevailing premiums and discounts for cotton above and below 7/8-inch, including the lengths 3/4-inch up to 1-1/4 inches. There is also prepared in Atlanta a daily report giving the Middling 7/8-inch quotation in the ten designated markets, as well as grade and staple premiums prevailing in such markets.

2. Preparation and Distribution of Official Cotton Standards.--- The official standards are prepared and promulgated under the authority

of both Acts. Copies of the standards are sold to the public. Inasmuch as the law makes the use of these standards mandatory in interstate and foreign commerce and prohibits the duplicating of the standards or the use of private types in evasion of or substitution for the standards, domestic and world commerce in American cotton is made dependent upon the prompt and proper performance of this work.

The next meeting under the International Universal Cotton Standards Agreements will convene in Washington in March, 1939. These meetings, which are attended by representatives of the nine principal cotton organizations of Europe, are regularly held for the purpose of approving copies of the Universal Grade Standards for use by the Department and by the European organizations. The copies of standards approved will be based upon the revised Universal Grade Standards which became effective on August 20, 1936.

3. Classing Spot Cotton, etc., under the Cotton Standards Act.-- Under the Cotton Standards Act any person who has a financial interest in any cotton may submit a sample of the same to the Department for classification, and the various boards of cotton examiners are authorized to perform this service in addition to classification under the Cotton Futures Act. Under this project classers are also examined and licensed to classify cotton.

4. Supervision of Licensed Classers.--The classing of spot cotton in the field is supervised by the Board of Cotton Examiners, with headquarters at Memphis, Tenn., and local supervisors are stationed at Oklahoma City, Okla., Dallas, Bryan, and Abilene, Texas, Memphis, Tenn., Montgomery, Ala., Columbia, S. C., Jackson, Miss., and New Orleans, La. An important feature of this work is the supervision of licensed cotton classers, who number more than 300 and are stationed throughout the South. The cooperative cotton-marketing associations rely upon the licensed classers and upon the supervision of their work in establishing the classification upon which settlements with their members are based. In checking the work of the licensed classers the Bureau's supervisors classed 287,752 bales during the past year.

5. Classification of Cotton (Cotton Futures Act).-- An amendment to the Cotton Futures Act dated March 4, 1919, provides that all cotton intended for delivery on futures contracts shall be classified by officers of the Department of Agriculture. Boards of Cotton Examiners are maintained in New Orleans, Houston, Galveston, Charleston, Savannah, and Mobile.

The following statement indicates progress of the work under these Acts.

	Fiscal year 1935	Fiscal year 1936	Fiscal year 1937
Classification of cotton under			
Cotton Standards Act (bales).....	317,655	97,473	648,935
Number of licenses issued to classers...	370	475	301
Number of bales classed by licensed class-			
ers	2,750,000	4,349,121	4,522,659
Number of boxes of cotton standards dis-			
tributed	2,214	4,933	2,666
Number of staple type distributed	6,953	7,325	7,994
Classification of cotton under Cotton Futures			
Act (original classification - bales)...	6,362	59,528	164,355
Review classification (bales).....	11,239	15,327	45,943

(2) UNITED STATES GRAIN STANDARDS ACT

Appropriation Act, 1938 \$723,941
 Budget Estimate, 1939 723,941

PROJECT STATEMENT

Projects	1937	1938 (Estimated)	1939 (Estimated)
1. Supervision of grain inspection.	\$665,688	\$675,991	\$675,991
2. Maintaining records and checking the efficiency of licensed inspectors.	18,710	19,050	19,050
3. Board of review for deciding appeals	29,653	28,900	28,900
Unobligated balance	9,890	- - -	- - -
Total appropriation.	723,941	723,941	723,941

CHANGE IN LANGUAGE

The Budget estimate provides for amending the language of this paragraph by striking out the clause "including rent outside the District of Columbia and the employment of such persons and means as the Secretary of Agriculture may deem necessary, in the city of Washington and elsewhere."

The language deleted duplicates authority carried in the introductory clause "Salaries and expenses" and its repetition here is regarded as unnecessary.

WORK UNDER THIS APPROPRIATION

General.-- The purpose of the appropriation is to provide for the administration of the provisions of the Grain Standards Act, approved August 11, 1916, which directs the Secretary of Agriculture (1) to establish official standards for grain; (2) to license inspectors to apply the official standards; (3) to supervise the work of such licensed inspectors, in order that there will be a correct and uniform application of the standards, and to entertain appeals from grades assigned by such inspectors in cases where a party to a grain transaction is dissatisfied with the grade originally assigned by licensed inspectors; and (4) to conduct hearings and publish his findings in certain cases of interstate grain movement and transactions.

1. Supervision of Grain Inspection.-- Official standards have been promulgated for corn, wheat, oats, rye, grain sorghums, feed oats, mixed feed oats, barley, mixed grain, and flaxseed. These standards are in

general use throughout the United States and in export commerce and must be used when grain is shipped by grade in interstate commerce. They form the basis of transactions in the various steps from the producer to the consumer. These steps include the country elevator, the interior market, the terminal market, and the distribution to consuming industries in this country as well as to seaboard markets for export. The standards are employed in both cash and future transactions. Since the grain industry is highly competitive, it is very necessary that the inspection service should be efficient and dependable. Grain inspectors and grain supervisors stand as impartial and unbiased arbiters between sellers and buyers, and the use of this service has been so well established that it forms a basic feature of the highly organized merchandising practices in both domestic and export commerce.

2. Checking Efficiency of Licensed Inspectors.--This project covers the work of maintaining correct and uniform application of the standards by licensed inspectors at all markets throughout the United States. Tendencies on the part of inspectors which depart from uniform application of the standards are noted and are called to the inspector's attention. Inspectors' licenses may be suspended or cancelled on evidence of incompetence or dishonesty. Uniformity of application of the standards to shipments which move from one inspection point to another presents a most difficult task requiring constant attention from supervisory officials in order that all branches of the industry may be on the same competitive basis from the standpoint of grades.

3. Board of Review for Deciding Appeals.-- Boards of review are located in Chicago and Portland, Oregon. These boards interpret the standards, develop correct methods of application, and disseminate information through the supervisors to the licensed inspectors throughout the country. Certain factors of the standards are applied by mechanical apparatus, whereas others involve the human element in the exercise of judgment and discretion. These boards are constantly engaged in reviewing samples submitted from all sections of the country and in giving its interpretative opinions. New problems from a grading standpoint are constantly arising, and the board is the agency which makes the final decisions. In addition, they function as boards of appeals in the case of inspections performed by licensed inspectors which have been appealed to district supervisors and thereafter carried to board of review.

Receipts amounting to \$43,997 were returned to the Federal Treasury under the Grain Standards Act during the past year.

Branch offices are maintained at Albany, N. Y., Baltimore, Md., Boston, Mass., Buffalo, N. Y., Cairo, Ill., Cedar Rapids, Iowa, Chicago, Ill. (field and district headquarters), Cincinnati, Ohio, Denver, Colo., Duluth, Minn., Enid, Okla., Fort Worth and Galveston, Tex., Great Falls, Mont., Hoboken, N. J. (substation), Hutchinson, Kans., Indianapolis, Ind., Kansas City, Mo., Los Angeles, Calif., Louisville, Ky., Memphis, Tenn., Milwaukee, Wis., Minneapolis, Minn., Nashville, Tenn., New Orleans, La., New York City, N. Y., Ogden, Utah, Oklahoma City, Okla., Omaha, Nebr., Peoria, Ill., Philadelphia, Pa., Portland, Oreg. (field and district headquarters), St. Joseph and St. Louis, Mo., San Francisco, Calif., Seattle,

Wash., Sioux City, Iowa, South Chicago, Ill. (substation), Spokane and Tacoma, Wash., Toledo, Ohio, Vancouver, Wash., and Wichita, Kans.

(q) UNITED STATES WAREHOUSE ACT

Appropriation Act, 1938.	\$326,700
Budget Estimate, 1939	<u>336,700</u>
Increase	<u>10,000</u>

PROJECT STATEMENT

Projects	1937	1938 (Estimated)	1939 (Estimated)	Increase
Administration U.S. Warehouse Act. . .	\$311,387	\$326,700	\$336,700	\$10,000 (1)
Unobligated balance	10,278	---	---	---
Total appropriation	321,665	326,700	336,700	10,000

INCREASE .

(1) An increase of \$10,000 is included in this item for 1939 for the salaries and expenses of two additional inspectors to meet the urgent demand for service under this Act. There is a growing movement for the licensing of grain elevators, especially in the Chicago district, where there has been little activity under this Act heretofore. A number of grain elevator men have applied for licensing of the largest elevators in that market. Increased demand also comes from Texas, Oklahoma, Nebraska, and Iowa. The large cotton crop this year and the large quantity of cotton carried on Government loans have congested warehouses and increased the work of inspecting and checking licensed warehouses.

There has been a constant increase in the country's licensed warehouse capacity during the past few years, although the funds for administering the Warehouse Act have remained practically stationary. Because of the increase in demand for licenses, it has not been possible to make the usual four inspections per annum in all cases. Since great dependence is put upon the licensed warehouse receipt, it is imperative that adequate supervision should be exercised to safeguard the interest of those using the service.

CHANGES IN LANGUAGE

It is proposed that the language of this paragraph be amended by striking out the clause "including the payment of such rent outside the District of Columbia and the employment of such persons and means as the Secretary of Agriculture may deem necessary in the city of Washington and elsewhere."

The language deleted duplicates authority carried in the introductory clause to "Salaries and expenses" and its repetition here is believed to be unnecessary.

WORK UNDER THIS APPROPRIATION

The purpose of this appropriation is to provide for carrying out the provisions of the Act approved August 11, 1916, as amended, which provides for the licensing of warehouses for the storage of farm products and the supervision of the activities of licensed warehousemen.

Before a product is added to the list of commodities which may be stored in a licensed warehouse investigational work is conducted to determine whether such product can properly be warehoused under the Warehouse Act. Regulations are then prepared covering the conditions under which it may be stored. When an application is received for a license investigations are made to ascertain whether the warehouse is a suitable structure and has the necessary facilities and whether the warehouseman is of good repute and has the proper financial responsibility, experience, etc.

After the license is issued the warehouse is inspected regularly in order to make certain that the law and regulations are being complied with and that the interests of the patrons are being safeguarded. The work under the Warehouse Act has been increasing each year. Cooperative associations, distributors, and others are insisting that their products be stored in Federally licensed warehouses, since the receipts from such warehouses provide much needed collateral for loans.

Branch offices are maintained at Atlanta, Ga., Indianapolis, Ind., Little Rock, Ark., New Orleans, La., Omaha, Nebr., Portland, Oreg., Raleigh, N.C., and Wichita, Kans.

The following statement shows licensed warehouse capacities on fixed dates over the last three years. It must be understood, however, that these figures do not measure the quantity of products handled through Federally licensed warehouses as there is a continuous turn-over of products and a warehouse may handle many times its capacity in the course of a year. It is not possible to estimate for the coming year, but the trend is upward.

	Licensed capacity, <u>July 6, 1935</u>	Licensed capacity, <u>July 4, 1936</u>	Licensed capacity, <u>July 10, 1937</u>
Cotton - bales	6,063,016	6,450,759	6,238,262
Grain - bushels.....	89,134,775	95,252,563	112,709,570
Wool - pounds.....	12,928,420	12,848,420	11,548,420
Tobacco - pounds.....	405,414,000	341,744,000	184,366,000
Peanuts - tons	14,375	15,175	14,635
Broomcorn - bales.....	15,250	15,250	17,750
Beans - cwt.	135,000	336,500	3,671,250
Dried fruit - pounds.....	11,604,320	11,574,060	11,573,355
Canned foods - cases.....	1,833,770	2,068,000	2,188,230
Cold pack fruit - pounds....	3,588,000	3,588,000	2,688,000
Seeds - pounds	437,350	352,700	375,700
Cherries in brine - pounds..	2,325,000	2,475,000	3,168,000
Sirup - gallons	121,000	26,000	31,000

(r) WOOL MARKETING STUDIES (ESTABLISHING WOOL STANDARDS)

Appropriation Act, 1938	\$50,000
Budget Estimate, 1939	--
Decrease	<u>50,000</u>

PROJECT STATEMENT

Project	1937	1938 (Estimated)	1939 (Estimated)	Decrease
Wool marketing studies	\$26,201	\$50,000	--	-\$50,000 (1)
Unobligated balance	451	--	--	--
Total appropriation	26,652	50,000	--	- 50,000

DECREASE

(1) This proposal contemplates the elimination of the entire item in the Appropriation Act for 1939. While this involves an apparent reduction of \$50,000, the actual decrease for wool marketing studies is \$10,000, since an offsetting increase of \$40,000 is included under the appropriation "Marketing and Distributing Farm Products" for continuing the wool marketing work.

CHANGE IN LANGUAGE

It is recommended that the entire paragraph be omitted. The special fund from which this work is financed will be practically exhausted by the end of the fiscal year 1938. Since the work on wool is of the same general character as that which is conducted at present on other commodities under the appropriation "Marketing and Distributing Farm Products", it is recommended that the funds for continuing the work on wool be provided under that appropriation. The language of the latter item is comprehensive and no amendment is believed necessary.

WORK UNDER THIS APPROPRIATION

The work under this appropriation was authorized by Act of May 17, 1928, which provided for "acquiring and diffusing *** useful information relative to the standardization, grading, preparation for market, marketing, utilization, transportation, handling, and distribution of wool and of approved methods and practices relative thereto, including the demonstration and promotion of the use of grades of wool in accordance with standards therefor which the Secretary of Agriculture is hereby authorized to establish."

The Act provided for financing this work from money representing excess profits collected from persons, firms, and corporations which handled any part of the wool clip of 1918, and which remained undistributable in the Treasury.

A fund of \$306,838.94 remained in the Treasury because of the fact that the Department was not able to distribute it to the growers owing to loss of identity and other reasons. An appropriation has been made by Congress each year since the passage of the Act of May 17, 1928, from this undistributable balance for work designed to be of benefit to the wool growers.

This work is described fully under the appropriation "Marketing and Distributing Farm Products," Project 2, Marketing Research on Livestock, Meats, and Wool, since it is proposed to transfer the activities to this appropriation in 1939.

AGRICULTURAL ADJUSTMENT ADMINISTRATION

ALLOTMENTS

Projects	Obligated, 1937	Estimated obligations, 1938	Estimated obligations, 1939
<u>Agricultural Adjustment Act:</u>			
<u>Salaries and Expenses:</u>			
Studies of the economic effects and possibilities of marketing agreements and development, in cooperation with the New England Research Council, or a plan of research in connection with marketing of dairy products in New England	\$16,512	\$16,000	(a)
Preparing estimates and forecasts of production necessary for the proper operation of marketing agreements for various crops.....	24,067	- - -	(a)
Assisting in investigations relating to meteorological factors affecting crop yields.....	4,690	5,320	(a)
Import and export work.....	19,131	25,000	(a)
Grading and inspecting dry skim milk, evaporated milk, and other products purchased by A.A.A. for disposal through the Federal Emergency Relief Administration.....	624	- - -	(a)
Inspecting canned grapefruit juice in Florida and Texas.....	2,555	- - -	(a)
Securing in San Francisco detailed carlot shipment information in connection with supervision of fresh fruit marketing agreements.....	340	- - -	(a)
Maintaining in Kansas City, Mo., a service of information regarding dairy and beef cattle industries.....	23,505	- - -	(a)
Special reports on fruits and vegetables at San Francisco.....	300	- - -	(a)
Special reports on fruits and vegetables at New York City.....	356	680	(a)
Procuring of grain to meet feed and seed requirements in the drought-stricken areas.....	3,117	- - -	(a)
Special estimates of fruit and vegetable production.....	- - -	25,500	(a)
Estimates on prices of raw fruits and vegetables.....	- - -	15,500	(a)
Total, Salaries and Expenses.....	95,097	38,000	88,000 (a)

(a) Definite projects cannot be shown before the program for the fiscal year 1939 is planned.

A. A. A. ALLOTMENTS - Continued.

Projects	Obligated, 1937	Estimated obligations, 1938	Estimated obligations, 1939
<u>Conservation and Use of Agricultural Land Resources:</u>			
Conducting a study of adjustments in farming, by regions and type-of-farm- ing areas.....	\$168,970	\$77,500	(a)
Effect of soil conservation and crop adjustment program on livestock.....	19,992	8,000	(a)
Income parity for agriculture.....	63,177	35,000	(a)
Agricultural outlook.....	26,643	30,000	(a)
Crop and livestock statistics and re- lated data.....	278,562	286,700	(a)
Total, Conservation and Use of Agri- cultural Land Resources.....	557,344	437,200	437,200 (a)
Total, A.A.A. Allotments	652,441	525,200	525,200

(a) Definite projects cannot be shown before the program for the fiscal year 1939 is planned.

EMERGENCY FUNDS

Projects	Obligated, 1937	Estimated obligations, 1938
<u>Emergency Relief Appropriation Act, 1936:</u>		
Survey of farm mortgages, land values, and transfers, and farm taxes.....	\$2,002,330	- - -
<u>Emergency Relief Appropriation Act, 1937:</u>		
Survey of farm mortgages, land values, and transfers, and farm taxes.....	- - -	\$191,493
Administrative expenses.....	- - -	5,000
Total, Emergency Funds.....	2,002,330	196,493

PASSENGER-CARRYING VEHICLES

The authorization for the purchase of passenger-carrying vehicles for the Bureau of Agricultural Economics contemplates an increase of \$4,200 (\$30,300 in 1938, \$34,500 estimated for 1939). The estimate contemplates the replacement of 62 worn-out cars at an average cost of approximately \$490 each when the exchange allowances are taken into account, and the purchase of 7 additional cars at \$600 each.

The seven additional cars are necessary for carrying on the new activities provided for by the Act of April 13, 1937 (Public No. 28, 75th Congress), to provide for the extension of cotton classification and market news services to growers organized for the improvement of cotton quality. In carrying out the duties imposed by the law it is expected that the 7 employees will travel almost continuously on market news work and that other members of the staff will need to travel a large part of their time. It is highly necessary, therefore, to furnish at least one automobile to each of the seven proposed field classing offices, since it is not feasible to cover large areas quickly by any other means of transportation.

The use of passenger-carrying cars is necessary to the efficient conduct of the field work of this Bureau. It is necessary for inspectors and graders to move quickly between markets, warehouses, and railroad yards. In most cases it is not feasible to obtain the necessary transportation by any other method quickly enough to enable the employees to conduct their work without serious loss of time. In the case of the market news service speed is the essence of the service, and where several markets must be covered this cannot be accomplished without the use of a car. Under the Warehouse Act it is necessary for the inspectors to travel between warehouses, located in small places or on spur lines where public transportation is inadequate. It is customary for two men to work together in making inspections of warehouses. The use of a car thus saves travel expense as well as time.

BUREAU OF HOME ECONOMICS

(a) GENERAL ADMINISTRATIVE EXPENSES

Appropriation Act, 1938..... \$31,735
 Budget Estimate, 1939..... 31,735

PROJECT STATEMENT

Projects	1937	1938 (Estimated)	1939 (Estimated)
General administration and business service..	\$31,535	\$31,735	\$31,735
Unobligated balance.....	200	- - -	- - -
Total appropriation.....	31,735	31,735	31,735

WORK UNDER THIS APPROPRIATION

The activities under this appropriation include the office of the Chief of the Bureau; the business office, covering the general business and administrative activities of the Bureau, such as personnel, accounts, budget, purchasing, correspondence, and Bureau files; and the library work of the bureau.

(b) HOME-ECONOMICS INVESTIGATIONS

Appropriation Act, 1938..... \$213,350
 Budget Estimate, 1939..... 211,350
 Decrease..... 2,000

PROJECT STATEMENT

Projects	1937	1938 (Estimated)	1939 (Estimated)	Decrease
1. Home economics information.....	\$17,856	\$20,856	\$20,856	- - -
2. Foods and nutrition investigations.....	73,650	73,650	73,650	- - -
3. Family economics investigations.....	44,563	46,563	46,563	- - -
4. Textiles and clothing investigations.....	36,295	47,295	45,295	-\$2,000(1)
5. Household equipment investigations.....	14,086	19,986	19,986	- - -
Unobligated balance.....	500	- - -	- - -	- - -
Total appropriation.....	137,350	213,350	211,350	- 2,000(1)

DECREASE

(1) The estimate contemplates a reduction of \$2,000 in the working fund for Textiles and Clothing Investigations which will be met by a curtailment in the work on methods of sterilizing wool.

WORK UNDER THIS APPROPRIATION

General.-- The Bureau of Home Economics is the unit of the Federal Government authorized by the Congress to conduct research in consumer problems. Its studies cover foods, human nutrition, textiles, clothing, housing equipment, and the economic problems of the home.

In the laboratory and by survey of typical groups of American families, the bureau seeks to find new and better ways of using food-stuffs, textiles, and all the goods and services that loom large in the family budget. Not only does the consuming public turn to the Government as an authoritative, unbiased source for these scientific facts, but agriculture and industry now recognize that their prosperity depends on the wise consumption of their products in America's thirty million homes.

The results of the Bureau of Home Economics' research therefore serve a dual purpose. They are a guide to consumers in spending their income so as to obtain a more healthful, satisfactory living. They are also a guide to the farmer, manufacturer, and merchant in adapting their production to supply consumer needs.

The Bureau works in cooperation with the other bureaus of the Department, the State agricultural experiment stations, and the home demonstration agents under the Extension Service and other educational agencies and is in close contact with homemakers and professional home economics workers throughout the country.

1. Home Economics Information.-- This project consists of the final preparation for publication of all bulletins or articles of technical or semitechnical nature distributed to scientific trade journals and other periodicals and of press releases, radio talks, charts, and exhibits. At the completion of each research project, and oftentimes at intervals during its progress, information is given out in one or more of these forms so that consumers, producers, trade organizations, scientific workers, teachers, extension agents - every group of the public demanding results of home economics research - may have full benefit of the studies conducted; for only when scientific facts are presented in forms adapted to use by the homemaker or the other consumers does the public receive the greatest value of the research.

2. Foods and Nutrition Investigations.-- The object of these studies is to increase the well-being and efficiency of all persons. Facts needed by homemakers, dietitians, and nutrition workers are determined and assembled through studies of food values, the nutritive needs of the human body, methods of food preparation and preservation, and their effect on nutritive value of foods. The work includes: (1) the summarization in practical and convenient form of data on the chemical composition of all classes of foods; (2) studies of the nutritional importance of specific food constituents, such as vitamins and minerals,

and of the amount of such essential nutrients necessary for growth, maintenance, and well-being; (3) determination of changes in nutritive value of food brought about by methods of production, marketing conditions, methods of preservation (such as storage, freezing, canning, etc.), and methods of preparation; (4) analysis of methods of food preparation with a view to originating, improving, and standardizing processes; (5) establishment of the relation between variety, quality, and nutritive value of foods, and their uses in food preparation; (6) evaluation of factors that enter into food quality; (7) investigations, in cooperation with producing groups, of the influence of variety, breeds, and other production factors on edible quality and nutritive value, as a basis for establishing quality standards for food products.

3. Family Economics Investigations.-- This work includes an appraisal of the consumption habits of families in different social and economic groups, with special emphasis upon food consumption. In addition, it includes studies of the economics of consumer buying and of household production. These family economics studies yield information of value (1) in determining present levels of living of different groups, and the adequacy of these levels, insofar as this can be measured; (2) in planning for the improvement of living conditions; (3) in furnishing the factual background needed by homemakers, teachers, and social agencies interested in the effective administration of family finances and the wise use of time and energy in household production; (4) in developing policies which will furnish the ultimate consumer with help needed for the intelligent selection of goods and services; (5) in aiding producers and other business men in formulating plans for commodity production and distribution; and (6) in constructing farm indexes for measuring changes in the cost of living of farm families. A large-scale study of consumer purchases, carried out by the Bureau under a grant from the Works Progress Administration, has furnished records from approximately 60,000 families, and these have provided basic data for family living studies on a scale never before possible in this country.

4. Textiles and Clothing Investigations.-- All studies under this item have as their purpose the more effective utilization by the ultimate consumer of the textiles produced in this country. They include (1) a study of the relative usefulness to consumers of various grades and kinds of new and reworked wool as measured by the resistance of the fabrics to deterioration caused by wear, cleaning, and the action of micro-organisms; (2) the development of methods for increasing the usefulness of wool materials to consumers through better methods of care and preservation in the home; (3) the comparison of wool fabrics with those made of wool substitutes as regards those properties of importance to consumers; (4) investigations of the properties imparted to cotton fabrics by various mill and laundry finishes; (5) studies of the reaction to use of fabrics made of different varieties, grades, and staple lengths of cotton; (6) preparation of consumer buying guides based on studies of textile materials on the retail market and the presentation of facts on informative labeling as an aid in consumer buying; (7) the development of clothing designs looking toward the formulation of suggestions for the more effective use of cotton and wool.

5. Household Equipment Investigations.— These studies form the basis for the preparation of specifications and bulletins to guide the housewife in the selection, installation, and use of household equipment. Specifications for household equipment must reflect usefulness to consumers and these studies are planned to supply data which can be used in preparing such specifications. As a result of the emphasis by Government agencies on new housing and electrification, there has been an increased demand for information on household equipment and on planning work and storage areas to meet household needs. These requests come from home-makers, builders, extension workers, teachers, and Government agencies.

SUPPLEMENTAL FUNDS

(1) Direct Allotments

Projects	Obligated, 1937	Estimated Obligations, 1938	Estimated Obligations, 1939
<u>National Industrial Recovery:</u> For physical improvement and equipment in constant temperature laboratories.....	\$8,600	- - -	- - -
<u>Exportation and Domestic Consumption of Agricultural Commodities:</u> To make tests and develop ways of using various surplus commodities.....	- - -	\$3,500	- - -
<u>Conservation and Use of Agricultural Land Resources:</u> Tabulating data on the expendi- tures of farmers as a basis for determining family living costs.....	7,484	- - -	- - -
<u>Emergency Relief Appropriation Act of 1936:</u>			
A study of consumer purchases.....	1,420,335	78,520	- - -
Cooperative study of body measurements for garment and pattern sizes.....	19,000	20,000	- - -
Total, Emergency Relief Appropriation Act of 1936.....	1,439,335	98,520	- - -
<u>Emergency Relief Appropriation Act of 1937:</u>			
A study of consumer purchases.....	- - -	336,187	- - -
Cooperative study of body measurements for garment and pattern sizes.....	- - -	62,500	- - -
Total, Emergency Relief Appropriation Act of 1937.....	- - -	398,687	- - -
Total, Supplemental Funds (Direct Allotments).....	1,455,419	500,707	- - -

COMMODITY EXCHANGE ADMINISTRATION

(a) ENFORCEMENT OF THE COMMODITY EXCHANGE ACT

Appropriation Act, 1938	\$500,000
Budget Estimate, 1939	600,000
Increase	<u>100,000</u>

PROJECT STATEMENT

Project	1937	1938 (Estimated)	1939 (Estimated)	Increase
Enforcement Commodity Exchange Act	\$241,882	\$500,000	\$600,000	+\$100,000(1)
Unobligated balance	54,618	- - -	- - -	- - -
Total appropriation	296,500*	500,000	600,000	+ 100,000(1)

* For the Enforcement of the Grain Futures Act in 1937.

INCREASE

(1) The increase of \$100,000 for 1939 consists of:

(a) An increase of \$33,360 to provide for necessary investigatory and subordinate personnel needed at field offices.--Recent developments and a more comprehensive knowledge of the scope of the Commodity Exchange Act of June 15, 1936, clearly indicate that our field offices must be strengthened if we are adequately to enforce the Act. One of the primary weaknesses of our field offices is the lack of personnel trained in the technique of exchange practices who likewise possess an intimate knowledge of the trading technique and the operating details of futures commission merchants and others engaged in trading in agricultural commodity futures.

This type of personnel is essential to ascertain the facts in connection with unusual marketing situations as they develop which appear to be unduly influencing commodity price trends; to prevent fraudulent and improper practices; to investigate miscellaneous complaints registered by customers and members of the trade relative to the activities of futures commission merchants and others; to check the dissemination of false and misleading market news and information; to maintain close observation of floor trading activities on the grain, cotton, and mercantile exchanges designated as contract markets by the Secretary of Agriculture; and to assemble and compile information gathered and to make reports to the Washington office in connection with these activities.

Supervision of the trading in cotton, butter, eggs, potatoes, and mill feeds--commodities added by the new legislation--is presenting problems quite different from those dealt with in the past, and many new problems are arising in connection with the supervision of trading in grain due to the expansion and strengthening of the Grain Futures Act. While requirements for other types of personnel were anticipated in preparing the 1938 budget, the need for personnel of the kind indicated was not anticipated for the field service.

The additional funds requested will enable the bureau to employ investigatory and subordinate personnel required and will provide for supervisory activities at Chicago, New York, New Orleans, Kansas City, Minneapolis, and Seattle in a more effective manner and to the point necessary to protect producers, individuals, and members of the commodity exchanges as contemplated by the Act.

(b) An increase of \$12,480 to make adequate provision for the activities of the Division of Analytical Survey.---It is the function of this Division to make economic and statistical analyses. The purpose of these studies is to reveal the nature and importance of the forces operating in particular commodity markets and to indicate the direction in which the Commodity Exchange Administration should move to improve the value of the contract markets or correct abuses which may exist. As an illustration of the type of study to be made may be cited the basic analysis necessary to determine the limits which the Commodity Exchange Administration has been charged by the Commodity Exchange Act to set on the amount of trading and the open interest of individual speculators in order to prevent or diminish excessive speculation. A related problem which is basic to the regulatory work of the Commodity Exchange Administration is the determination of price changes which may be considered normal in a given situation so that the effects on prices of manipulative practices may be determined.

Trading in commodity futures is practically an unexplored field in economics and yet it has a vital relationship to the broad problem of agricultural marketing. Although it is estimated that trading in cotton futures amounts to \$9,000,000,000 a year, very little factual data are available upon which to base regulatory requirements. In addition to having no actual figures on the volume of futures transactions, scarcely any reliable information is available covering such important factors as open commitments, relationship between spot and future prices, influence of delivery practices, effect of multi-grade deliveries, and other equally important phases of this trade.

The enforcement policies of the Commodity Exchange Administration will be based upon the results of the research investigations of the Division of Analytical Survey. At the present time that Division is severely restricted. It is contemplated to set up a small cotton section which will concentrate its attention upon the practices of the cotton trade which require revision or clarification.

By having this section work in close collaboration with the Cotton Marketing Section of the Bureau of Agricultural Economics, it is contemplated that these important phases of trading in cotton futures will be thoroughly investigated and the results published for the benefit and guidance of producers, processors, and distributors.

Trading in butter, eggs, potatoes, and mill feeds futures amounts to about \$280,000,000 annually. These are all new commodities placed under the jurisdiction of the Commodity Exchange Administration by the Act. Trading practices and conditions in those futures are practically unknown, except to the few persons engaged in it. The effect of trading in these futures, however, is far-reaching for it has a material influence upon prices of spot commodities many times the value of the futures trading. It is contemplated that a small section will be set up to give undivided attention to trading in those commodity futures.

(c) An increase of \$5,700 to make adequate provision for the activities of the Division of Violations and Complaints.--No more important function is performed by the Commodity Exchange Administration than the endeavor to prevent fraudulent and improper practices on the commodity futures markets. The law provides that manipulation, corners, squeezes, and similar improper activities to influence prices, as well as fraudulent practices such as wash sales, cross trades, bucketing of orders, etc., shall be prohibited.

In an endeavor to prevent such practices, three small sections have been established in the Division of Violations and Complaints relating respectively to grains, cotton, and miscellaneous commodities. Each of these three sections, however, is severely undermanned. It is their function to scrutinize transactions on each contract market. Whenever evidence of manipulation or fraudulent practice is suspected or complained of, a thorough investigation is made and remedial steps taken if required. Upon several occasions this Division has called upon every member of a contract market in which manipulation is suspected to report every transaction and open commitment for a specified period. These reports are then carefully analyzed in an endeavor to locate the source of manipulation.

(d) An increase of \$14,560 for informational work.--Although trading in commodity futures is a very important phase of marketing agricultural products, there is a minimum amount of information available concerning it. Partly because of the highly technical nature of this subject and partly because the exchanges have not desired to publish detailed information concerning their transactions, the farmers, millers, processors, and other interested persons have not been able to secure such information. Yet such information is of material concern to all of these groups as it bears directly upon the prices of such commodities. It is the purpose of the Commodity Exchange Administration to set up a small division whose function will be to prepare and publish in non-technical language information relating to all phases of this subject. This unit will also compile and issue bulletins of a general character relating to trading in commodity futures. All inquiries of a general character will be turned over to this Division for handling. This work will probably result in an accumulation of valuable data which will enable this Division to become a clearing-house on commodity trading.

It has been the experience of the Grain Futures Administration that practically all contract markets and the major portion of members of such contract markets are willing and anxious to abide by the law and comply with the regulations of the Federal Government. It is most essential, however, to acquaint them with the various provisions of the law and the regulations issued thereunder.

Despite the issuance of numerous press releases, a number of bulletins, and many addresses and radio talks, the number of inquiries reaching the Commodity Exchange Administration daily indicates a general lack of information concerning the provisions of the Act. As an illustration, the law requires every futures commission merchant to register and yet, despite the numerous announcements and warnings which have been made urging futures commission merchants to register, it is believed that a number are now operating who have not registered and are therefore acting in violation of the criminal provisions of the Act.

The investigations made by the Commodity Exchange Administration have also clearly demonstrated the psychological value of its activities. There is much less inclination on the part of persons who might be tempted to resort to illegal practices to do so if they are frequently reminded of the regulatory activities of the Commodity Exchange Administration and realize that the agents of that Federal organization are constantly alert to detect violations.

(e) An increase of \$20,600 to augment the field accounting staff and to strengthen the Division of Record Examination in Washington, D. C.--There are 861 registered futures commission merchants in the United States with 1,363 branch offices, making a total of 2,224 offices scattered over 46 States. If the Commodity Exchange Administration is to comply with the law and fulfill its obligation to the public, the books of each of these dealers should be examined periodically. The 1938 budget plan provides for 17 accountants in the field service. This force, however, is inadequate to cope with the large volume of accounting work necessary to carry out the most urgent provisions of the Act. Obviously such a situation has two results: First, all the work that should be done is not done; and secondly, only the most urgent cases will be taken up, and many of those examinations must of necessity be made hurriedly and cannot therefore be carried out with that care and thoroughness which is essential to proper enforcement of the Act. Our experience already has demonstrated that at times all regular examination work in certain areas must be postponed indefinitely. In important investigations numerous commission houses must be contacted so that all data relative to any one operator can be collected and collated. In such cases a number of regular staff members must be assigned to such work. The addition of four accountants to our field staff, as contemplated under this item, will be of material help in coping with the difficult problems confronting the Administration.

It is also urgently necessary that the accounting organization at Washington, D. C., be strengthened to enable that unit to make adequate compilations, analyses, and interpretations and to coordinate the work of the field staff. Our present funds provide for only two accountants. In addition to reviewing all reports and supervising all accounting assignments, the Washington staff must exercise audit control over and make periodical examinations of the books and records of 64 registrant offices and branches within the Washington area. This work is in addition to the supervision exercised over markets and trading through the various reports filed at regular intervals by registrants.

(f) An increase of \$13,300 for the establishment of small field offices at Houston, Texas, and San Francisco, California.--At the present time the Commodity Exchange Administration has six branch offices, located at Chicago, New York, New Orleans, Minneapolis, Kansas City, and Seattle, with a cooperative arrange-

ment with a representative in Sacramento. It is proposed to add two new offices--Houston and San Francisco.

Houston: The Commodity Exchange Act has placed cotton under the jurisdiction of the Commodity Exchange Administration. While there is an office in New Orleans, it is generally appreciated that the cotton problems of the Southwest (Texas and Oklahoma, which two States, incidentally, produce an average of 5,689,000 bales a year, 38 percent of the entire United States crop) differ materially from those of the Southeast or the Deep South. Their methods of production are on more of a large-scale basis and the major portion of their crop is exported. A very large percentage of the deliveries under futures contracts executed on all of the three cotton exchanges is made in Texas, thereby making the establishment of a small office in that locality especially desirable.

There are 32 main offices of futures commission merchants in Texas, while 54 other merchants maintain offices there. As is to be expected, the majority are concentrated in Houston and Galveston. It is, therefore, proposed to establish a small office in Houston.

San Francisco: Although trading on the San Francisco Chamber of Commerce is not to be compared with the volume of trading on other contract markets, that city has an importance entirely aside from that of local business. Twenty futures commission merchants have their main offices located there while seven others have branches in that city. Its proximity to Los Angeles is also important. Four futures commission merchants have their main offices in Los Angeles and eleven branches are located there.

The Commodity Exchange Administration has already found that the vast majority of trading firms are anxious to comply with the law and cooperate with the Federal Government and that, if representatives are available locally, they will be consulted and cause for legal action eliminated. Moreover, by having a small office in San Francisco it will be possible to make the necessary examinations of books and records at much less expense than if agents had to come from other parts of the country.

CHANGES IN LANGUAGE

It is recommended that the language of this paragraph be amended to read as follows:

To enable the Secretary of Agriculture to carry into effect the provisions of the [Grain Futures Act, approved September 21, 1922 (U.S.C., title 7, secs. 1-17), as amended by the] Commodity Exchange Act of June 15, 1936 (7 U.S.C. 1-17a), [\$500,000, to be immediately available] \$600,000, of which amount not to exceed [\$190,000] \$226,940 may be expended for personal services in the District of Columbia.

This change is recommended in view of the fact that by the amendments of June 15, 1936 the short title "Commodity Exchange Act" was substituted for the short title "Grain Futures Act" appearing in the original law of Septem-

ber 21, 1922. The short title "Grain Futures Act" is no longer applicable and its elimination from the code reference will avoid confusion.

The "immediately available" clause appearing in the 1938 appropriation paragraph has also been omitted.

WORK UNDER THIS APPROPRIATION

The Commodity Exchange Act requires the control and supervision of future trading in grain, cotton, butter, eggs, potatoes, and mill feed on 16 boards of trade and exchanges designated as contract markets by the Secretary of Agriculture. At the present time the work is carried on through 7 field offices located at Chicago, Ill., New York, N. Y., New Orleans, La., Minneapolis, Minn., Kansas City, Mo., Seattle, Wash., and Sacramento, Calif. This legislation deals with trade practices and transactions known as wash sales, cross trades, accommodation trades, and fictitious sales. It requires the detection of fraudulent practices, false reports, and bucketing of orders; also the detection and elimination of bucket shops. These and other evils found in and outside of the various commodity exchanges that are deemed detrimental to the interest and welfare of producers and legitimate trade interests must be ferreted out and corrected. All money, securities, and other property deposited by customers with commission merchants as margins are required to be segregated and separately handled under the rules and regulations of the Secretary of Agriculture. The Department is given access to the books and records of all warehouses in which or out of which commodities are deliverable under futures contracts, and the law requires the making of reports and the keeping of records by the operators of such warehouses.

Additional responsibilities include the fixing (by the Commodity Exchange Commission) of limitations on the daily trades and speculative positions of traders for each commodity at each contract market and to change and modify these limitations from time to time as marketing conditions may require. The registration of commission merchants and floor brokers, revocations, etc., and the responsibilities incident to other provisions of the Act require careful and constant study. Other activities are (1) compiling and publishing daily reports on volume of trading and amounts of open interest, (2) examination of market news and gossip items to prevent the dissemination of false and misleading crop and market information, (3) maintenance of a daily check on accounts of large traders, (4) investigation of complaints, and (5) special studies and investigations relating to the economic functions and general utility of the futures markets for hedging and merchandising purposes.

The activities of the Commodity Exchange Administration are confined strictly to the specialized and highly technical field of future trading and speculation in commodities. While there is therefore a clear-cut line of demarcation between its activities and those related to warehousing, standardization of grades, inspection service, and the like, contacts and interchange of information with certain other bureaus, departments, and independent agencies have proven mutually helpful in many instances. These contacts for the most part are with the Bureau of Agricultural Economics, the

Bureau of Internal Revenue, the Federal Reserve Board, the Federal Trade Commission, and the Securities and Exchange Commission. With reference to supply and demand conditions for the actual commodity, for example, the Commodity Exchange Administration relies entirely upon data compiled by the Bureau of Agricultural Economics. It makes no attempt to collect or assemble basic-source material in this field. Similarly, future trading data compiled by the Commodity Exchange Administration in connection with its law-enforcement program is available and is furnished to other interested bureaus and departments according to their individual needs. Thus the benefits of specialized effort accrue to all interested agencies, duplication is avoided, and the fullest cooperation is assured between the various agencies.

FOOD AND DRUG ADMINISTRATION

(a) GENERAL ADMINISTRATIVE EXPENSES

Appropriation Act, 1938.....	\$100,802
Budget estimate, 1939.....	<u>100,802</u>

PROJECT STATEMENT

Projects	1937	1938 (Estimated)	1939 (Estimated)
General administration and business service.....	\$100,498	\$100,802	\$100,802
Unobligated balance	304	- - -	- - -
Total appropriation.....	100,802	100,802	100,802

WORK UNDER THIS APPROPRIATION

This appropriation is used for general administrative expenses, such as general supervision, accounting, editorial work, purchases and distribution of supplies, filing, recording, and the like, applicable to operations in connection with the acts enforced by the Food and Drug Administration, including the overhead administrative work involved in the enforcement of the acts and the general direction of the work of both the Washington and field staffs.

(b) ENFORCEMENT OF THE FOOD AND DRUGS ACT

Appropriation Act, 1938 \$1,750,000
 Budget Estimate, 1939 1,850,000
 Increase 100,000

PROJECT STATEMENT

Projects	1937	1938 (Estimated)	1939 (Estimated)	Increase
1. Enforcement operations under Food and Drugs Act on:				
(a) Beverages and beverage products	\$42,003	\$40,300	\$40,300	- - -
(b) Cereal products.....	31,744	31,750	51,750	+ 20,000 (1)
(c) Chocolate and saccharin.....	41,704	38,470	38,470	- - -
(d) Dairy products	130,091	174,000	199,000	+ 25,000 (2)
(e) Eggs	33,127	29,860	29,860	- - -
(f) Fishery products	142,945	180,730	180,730	- - -
(g) Flavors and spices	36,100	36,260	51,260	+ 15,000 (3)
(h) Fruit products	258,353	257,990	257,990	- - -
(i) Feeds, stock	5,879	6,270	6,270	- - -
(j) Meat products and poultry ...	7,427	7,140	7,140	- - -
(k) Miscellaneous products	24,856	22,140	22,140	- - -
(l) Nuts and nut products	17,292	13,570	13,570	- - -
(m) Oils and fats	43,477	43,000	43,000	- - -
(n) Vegetable products	140,369	178,030	178,030	- - -
(o) Crude drugs	14,672	14,360	14,360	- - -
(p) Pharmaceutical products	257,904	265,701	290,701	+ 25,000 (4)
(q) Proprietary preparations.....	170,511	170,070	170,070	- - -
(r) Vitamin preparations.....	40,230	87,345	87,345	- - -
(s) McNary-Mapes amendment	54,755	54,800	69,800	+ 15,000 (5)
Total, enforcement operations under Food and Drugs Act	1,493,439	1,651,786	1,751,786	+100,000
2. Development of methods for detecting food adulterations or misbrandings	63,903	62,104	62,104	- - -
3. Investigation of methods of analysis and potency of drugs and poisons	38,005	36,110	36,110	- - -
Unobligated balance	4,653	- - -	- - -	- - -
Total appropriation	1,600,000	1,750,000	1,850,000	+100,000

INCREASESGeneral Statement

The Food and Drugs Act applies to every type of food and all classes of drugs, whether of domestic or foreign origin. Only those products originating in and disposed of wholly within the borders of a State are exempt from its provisions.

The volume of food and drug products subject to the Food and Drugs Act increases annually both because of the increase in population and because a larger percentage each year enters interstate commerce.

The task of supervising this traffic has become increasingly complicated and difficult. An enormous number of commodities, which a decade or two ago were made wholly in the household kitchen, are now manufactured commercially and shipped in interstate commerce. A great many new medicinal products have appeared within the same period. To estimate the amount of such articles subject to the Food and Drugs Act is difficult because of fluctuating prices and volumes. It is safe to say, however, that the combined value of food and drug products requiring attention is more than \$15,000,000,000 annually.

The increase of \$100,000 in this item for 1939 consists of:

- (1) An increase of \$20,000 in Work Project 1-b, "Enforcement operations under Food and Drugs Act on cereal products." The additional funds are needed to give better control over cereal staples, particularly flour, alimentary pastes, and graham and prepared flours and to provide needed coverage for bakery products, which are assuming growing importance in interstate commerce. More than 5,000,000 pounds of macaroni, bread, and biscuits are imported annually and should be regularly inspected at ports of entry. Bakery products formerly sold locally are now transported regularly in interstate commerce in increasing volume. Violations in bakery products range from short weight to contamination with dangerous organisms.
- (2) An increase of \$25,000 in Work Project 1-d, "Enforcement operations under Food and Drugs Act on dairy products." There are approximately 3,000 creameries in the United States. The total production of creamery butter is approximately 1,500,000,000 pounds annually, requiring approximately 56,000,000 cans of cream. While some improvement has been made during the past three years as the result of our increased regulatory activities, intensive operations on both the raw material and the finished product will be required for several years. Particularly, the work on filth and decomposition in cheese and dairy products other than butter should be extended. Only a little work has been done on the question of filth in some products as cheese, condensed milk, and dried milk. In the Administration's Central District alone there are 215 condensed-milk plants and 2,200 cheese plants and a large dried-milk industry, all of which need regulatory attention. The dairy industry is cooperating in an effort to eliminate the

extensive commerce in filthy cream and filthy butter. It is also essential to see that butter meets the 80 percent butterfat requirement of the law.

(3) An increase of \$15,000 in Work Project 1-g, "Enforcement operations under Food and Drugs Act on flavors and spices." This increase is urgently needed for better control of the large volume and variety of food spices imported from various sections of the world and of flavors. Contamination with foreign material, particularly animal and rodent excreta, which renders the spices unfit for food purposes, is the principal, if not the exclusive, basis on which offers for entry are rejected at the ports. A more thorough supervision and control of spice importations than it is possible to effect with existing appropriations should be undertaken. Additional surveillance is needed to prevent adulteration of flavors.

(4) An increase of \$25,000 in Work Project 1-p, "Enforcement operations under Food and Drugs Act on pharmaceutical products." Coverage of pharmaceutical products has been very limited when it is considered that on the average it would probably not permit the examination yearly of more than one batch of manufactured products of each manufacturer. Furthermore, coverage has been limited almost exclusively to the more therapeutically important drugs. It has been impossible to make examination of many pharmaceutical preparations which are in themselves important but which have less public-health bearing than those to which some attention has already been given. The work should be expanded on biological products and glandular substances, which have as yet been hardly touched, and considerable work on specialties sold directly to the physician under the manufacturer's own formula. A proper regard for the public health requires that pharmaceuticals, which are used so extensively by physicians in the treatment of the most serious diseases, should be regularly and thoroughly examined.

(5) An increase of \$15,000 in Work Project 1-s, "Enforcement operations under Food and Drugs Act on McNary-Mapes Amendment." This amendment to the Federal Food and Drugs Act provides for the establishment of minimum standards of quality, condition, and fill of container for canned foods except canned meat and canned milk, and requires that canned foods that fall below the established minimum standards shall be labeled to indicate that they are substandard. Minimum standards have been established for a number of canned-food products, and work toward enforcing them has begun, but lack of sufficient funds has made it impracticable to do enough field inspection and analysis to enforce the provisions of the amendment except to a limited degree. The proposed increase is for the purpose of providing additional inspection and analytical work in the field in order that the vast volume of canned foods that enter interstate commerce may be brought into compliance with the amendment. The extension of this work will be of advantage both to those canners who now comply voluntarily with the law by reducing unfair competition and also to consumers through added protection from the sale of substandard products at the price of standard products.

WORK UNDER THIS APPROPRIATION

General.--This appropriation provides for the enforcement of the Food and Drugs Act, commonly called the Pure Food Law, approved June 30, 1906 (21 U.S.C. 1-15). The purpose of this Act is to prevent the shipment in

interstate or foreign commerce and the manufacture and sale in the District of Columbia and other territory in which the Federal Government has jurisdiction of adulterated or misbranded foods and drugs.

1. Enforcement operations under Food and Drugs Act.--This work, which applies to all subprojects, consists of maintaining supervision of the enormous volume of foods and drugs shipped under the jurisdiction of the Food and Drugs Act. This requires the inspection of factories, the examination of shipments of foods and drugs, the microanalytical, bacteriological, pharmacological, and physical examination, as necessary, of samples, and the preparation of the evidence developed for presentation in court on such samples of foods and drugs shipped in violation of the Act. It also includes the examination of foods and drugs offered for entry into this country and the exclusion of those products that fail to comply with the provisions of the Act.

2. Development of methods for detecting food adulteration or misbranding.--This work consists of developing methods of chemical analyses and bacteriological, microanalytical, and physical examinations for detecting food adulterations and misbranding for use in enforcing the Food and Drugs Act.

3. Investigation of methods of analyses and potency of drugs and poisons.--This work consists of investigating methods for chemical analysis and biological examinations of the potency of drugs and poisons for use in enforcing the Food and Drugs Act.

(c) ENFORCEMENT OF THE TEA IMPORTATION ACT

Appropriation Act, 1938 \$40,094
Budget Estimate, 1939 40,094

PROJECT STATEMENT

Projects	1937	1938 (Estimated)	1939 (Estimated)
Enforcement of the Tea Importation Act	\$39,836	\$40,094	\$40,094
Unobligated balance	258	- - -	- - -
Total appropriation ...	40,094	40,094	40,094

WORK UNDER THIS APPROPRIATION

This appropriation provides for the enforcement of the Tea Importation Act, approved March 2, 1897 (21 U.S.C. 41-50). Every consignment of tea imported into the United States is inspected both as to purity and quality. A board of tea experts determines a suitable standard for tea each year, and no tea for beverage purposes is permitted entry into the United States that falls below that standard. Before the enactment of the Tea Importation Act much low-grade tea that was unfit for use was sent to the United States.

(a) NAVAL STORES ACT

Appropriation Act, 1938 \$34,700
 Budget Estimate, 1939 34,700

PROJECT STATEMENT

Projects	1937	1938 (Estimated)	1939 (Estimated)
1. Enforcement operations under the Naval Stores Act	\$23,722	\$24,185	\$24,185
2. Service operations under the Naval Stores Act	10,316	10,515	10,515
Unobligated balance	662	- - -	- - -
Total appropriation	34,700	34,700	34,700

WORK UNDER THIS APPROPRIATION

General.--This item provides for the enforcement of the Naval Stores Act, approved March 3, 1933 (7 U.S.C. 91-99), which provides for a grading service and for preventing adulteration and misbranding.

1. Enforcement operations under the Naval Stores Act.--The Secretary is authorized to purchase from time to time samples of spirits of turpentine and of anything offered for sale as such for the purpose of analysis, classification, or grading and of detecting any violation of the Act. Naval stores offered for import or export, as well as naval stores that enter interstate commerce, are subject to all the provisions of the Act.

2. Service operations under the Naval Stores Act.--The Department examines, if practicable, upon request of any interested person, any naval stores and analyses, classifies, or grades the same or tender of the cost

thereof as required by the Secretary of Agriculture under such regulations as he may prescribe. Certificates are furnished showing the analysis, classification, or grade of such naval stores, which certificates shall be prima facie evidence of the analysis, classification, or grade of such naval stores and of the contents of any package from which the same may have been taken, as well as of the correctness of such analysis, classification, or grade, and shall be admissible as such in any court. Fees received for this service average nearly \$10,000 a year, which are deposited to the credit of "miscellaneous receipts". The project is therefore practically self-supporting.

(e) ENFORCEMENT OF THE INSECTICIDE ACT

Appropriation Act, 1933 \$208,180
 Budget Estimate, 1939 208,180

PROJECT STATEMENT

Projects	1937	1938 (Estimated)	1939 (Estimated)
1. Enforcement operations under the Insecticide Act	\$180,188	\$180,910	\$180,910
2. Investigation of methods of testing and efficacy of insecticides & fungicides	27,162	27,270	27,270
Unobligated balance	830	- - -	- - -
Total appropriation	208,180	208,180	208,180

WORK UNDER THIS APPROPRIATION

General.--This appropriation provides for the enforcement of the Insecticide Act approved April 26, 1910 (7 U.S.C. 121-134). The Insecticide Act makes illegal the manufacture, sale, or transportation in interstate commerce of adulterated or misbranded insecticides and fungicides, as well as their importation and exportation. It prescribes definite standards to which all lead arsenates and Paris greens subject to its provisions should conform. It provides that all insecticides and fungicides, other than lead arsenates and Paris greens, that contain inert ingredients shall bear, upon the face of the principal label of every package, a statement giving the name and quantity of each inert ingredient of the preparation, with a statement that

such ingredient is inert, or, instead, a statement giving the name and quantity of each active ingredient, with the percentage of the combined inert ingredients. The principal labels for insecticides, other than lead arsenate and Paris green, and for fungicides that contain arsenic or compounds of arsenic, must show the percentage of arsenic present. Any false or exaggerated claim as to the efficacy of an insecticide or fungicide constitutes a violation of the law. The Act requires further that all insecticides and fungicides must be up to the standards under which they are sold and that no insecticide or fungicide shall contain any substance or substances that will injure the plant on which it may be used.

1. Enforcement operations under the Insecticide Act.--The work performed on this project consists of the collection of samples of insecticides and fungicides, including disinfectants; making chemical analyses; performing actual field tests where necessary; bacteriological tests; and the preparation of the evidence developed for presentation to the courts on such samples of insecticides and fungicides shipped in violation of this Act.

2. Investigation of methods of testing and efficacy of insecticides and fungicides.--This work consists of investigating and developing methods of chemical analyses of insecticides and fungicides; investigating and developing methods for bacteriological testing of disinfectants, investigating and developing methods for field testing of insecticides and fungicides; and the testing of ingredients or proprietary preparations to determine their efficacy as insecticides and fungicides.

(f) ENFORCEMENT OF THE MILK IMPORTATION ACT

Appropriation Act, 1938 \$19,241
 Budget Estimate, 1939 19,241

PROJECT STATEMENT

Projects	1937	1938 (Estimated)	1939 (Estimated)
Enforcement of the Milk Importation Act	\$18,948	\$19,241	\$19,241
Unobligated balance.....	293	- - -	- - -
Total appropriation	19,241	19,241	19,241

WORK UNDER THIS APPROPRIATION

This appropriation provides for the enforcement of the Milk Importation Act approved February 15, 1927 (21 U.S.C. Supp. IV, 141-149). The Act required inspection both at the source and at the ports of entry. The work of enforcing the Act, therefore, involves the supervision of the sanitary inspection of Canadian shipping plants and dairies from which milk is shipped to the United States and supervision of the physical examination and, in most instances, tuberculin testing once a year of cattle from herds producing milk shipped to the United States, this work being carried out in collaboration with Canadian officials as authorized by the Act. The work also involves the bacteriological examination and temperature tests of sufficient representative samples of all imported milk and cream to insure compliance with the Act at ports of entry. Milk may be brought into the United States at any port along the Canadian border, but the bulk of the milk and cream imported from Canada comes in through New York and New England ports of entry.

(g) ENFORCEMENT OF THE CAUSTIC POISON ACT

Appropriation Act, 1938 \$24,741
 Budget Estimate, 1939 24,741

PROJECT STATEMENT

Projects	1937	1938 (Estimated)	1939 (Estimated)
Enforcement of the Caustic Poison Act	\$24,625	\$24,741	\$24,741
Unobligated balance	116	- - -	- - -
Total appropriation....	24,741	24,741	24,741

WORK UNDER THIS APPROPRIATION

Under this item is conducted the work of enforcing the Caustic Poison Act, approved March 4, 1927 (15 U.S.C., Supp. IV., 401 - 411). This Act imposes upon the Department the obligation of seeing that the large number of preparations containing caustic or corrosive substances and sold in interstate or foreign commerce for household use are correctly labeled with the common name of the substance, with the word "Poison", with directions

for treatment in case of accidental personal injury, and with the name and place of business of the manufacturer, packer, seller, or distributor. To enforce the Act samples must be collected from the products, their composition determined by chemical analysis, and such tests made as will establish whether any or all of the ingredients are caustic or corrosive and whether the directions given in case of injury are correct and adequate. Corrective action is taken to check commerce in products that violate the provisions of the Act.

(h) ENFORCEMENT OF THE FILLED MILK ACT

Appropriation Act, 1938 \$10,000
 Budget Estimate, 1939 10,000

PROJECT STATEMENT

Projects	1937	1938	1939
		(Estimated)	(Estimated)
Enforcement of the Filled Milk Act	\$9,964	\$10,000	\$10,000
Unobligated balance.....	36	- - -	- - -
Total appropriation.....	10,000	10,000	10,000

WORK UNDER THIS APPROPRIATION

This appropriation provides for the enforcement of the Filled Milk Act, approved March 4, 1923 (21 U.S.C. 61-63), as amended by the Act of August 27, 1935 (21 U.S.C., Supp. I, 64). The Act prohibits the shipment in interstate or foreign commerce of so-called filled milk, which is made by the removing of butterfat and the substitution of other fats. Enforcement work requires the collection and analysis of samples of milk and milk products suspected of containing foreign fats and the taking of appropriate action to check commerce in products that are in violation of the Act.

(1) ENFORCEMENT OF THE SEA FOOD INSPECTORS ACT

Appropriation Act, 1938 \$40,000
 Budget Estimate, 1939 40,000

PROJECT STATEMENT

Projects	1937	1938 (Estimated)	1939 (Estimated)
Enforcement of the Sea Food Inspectors Act.....	\$40,000	\$40,000	\$40,000

WORK UNDER THIS APPROPRIATION

This item covers the inspection of the packing of sea foods upon the application of the packers. The service includes inspection of raw materials, the various processes of packing, the sanitary conditions involved, and the finished product. The appropriation will provide for the payment of salaries of sea-food inspectors for approximately five months. Additional salaries for inspectors, administration, and miscellaneous expenses incurred in providing this service will be paid from funds contributed by the Packers receiving the service.

EMERGENCY FUNDS

Project	Obligated, 1937
National Industrial Recovery: Construction of equipment in new federal building, Chicago, Illinois.....	\$1,349

PASSENGER-CARRYING VEHICLES

The authorization for the purchase of passenger-carrying vehicles contemplates a decrease of \$2,145 (\$20,320 in 1938, \$18,175 estimated for 1939). This \$18,175 will permit the needed replacement of 35 vehicles at a net average cost of \$425 each when exchange allowances are taken into account and the purchase of 6 additional vehicles at an average cost of \$550 each. These 6 cars will be required for the proposed increase in the staff for enforcement operations under the Food and Drugs Act.

The use of automobiles for the purpose of carrying on inspection work under the seven acts enforced by the Food and Drug Administration is essential. Factories, dairies, orchards, canneries, warehouses, retail

establishments, and other places where foods, drugs, insecticides, and naval stores are manufactured, produced, or distributed must be visited and inspected. Shipments of these commodities by freight, express, and trucks must be kept under surveillance and samples collected and delivered for shipment to the Administration's laboratories for analyses and examination. This can be done most economically and efficiently by the use of automobiles.

The purchase and operation of Government-owned cars has been found from experience to be more economical for inspectional work than either the hiring of commercial automobiles or the use of privately-owned cars of employees on a mileage basis. Records kept over a series of years indicate that the average per mile cost of a Government owned car, taking into consideration deterioration in the value of the car and all operating and maintenance expenses up to the time it is turned in and is no longer serviceable, and then deducting exchange allowance, is approximately 3 1/2 cents per mile. The automobiles which it is contemplated to replace are models that are two years old or over. These machines have been operated under practically all conditions from city streets to unimproved country dirt roads. It is estimated that the average mileage for the cars that will be turned in will be 49,000 miles, based on the known mileage of these cars as of December 1, 1937.

The Administration has ascertained from experience with the operation of light cars that for efficiency and economy in operation, and to secure the best turn-in allowance, it is for the best interests of the Government that cars be replaced after approximately 40,000 to 50,000 miles of use.

SOIL CONSERVATION SERVICE

(a) SALARIES AND EXPENSES - PREAMBLE

Changes in Language

The following changes in language are recommended in the introductory clause to "Salaries and Expenses":

(1) The words "the employment of persons and means in the District of Columbia and elsewhere" have been inserted in the preamble in order to make the language conform to the more generally accepted phraseology in the Agricultural Act.

(2) Provision for "printing and binding" and "rent" in the District of Columbia has been eliminated, as the estimates for 1939 contemplate the transfer of funds to the respective general appropriations of the Department specifically made for such purposes.

(3) Provision is made for "maintenance, repair, and operation of one passenger-carrying automobile" in the District of Columbia, the purchase of which was authorized in the 1938 Act.

(4) Provision is made for the construction of six buildings at the limit cost of \$15,000 instead of twenty provided for in the 1938 Act. These buildings are necessary in connection with research and investigations under the appropriation "Soil and Moisture Conservation and Land Use Investigations".

(b) GENERAL ADMINISTRATIVE EXPENSES

Appropriation Act, 1938	\$675,000
Deduct: Allotments for salaries, printing and binding, rent in the District of Columbia, guarding of rented quarters, and legal work (transferred in estimates for 1939 and shown under the respective headings indicated), as follows:	
"Salaries, Office of Secretary"	60,235
"Rent of Buildings in District of Columbia"	46,895
"Salaries and Expenses, Office of Solicitor"	10,680
"Printing and Binding, Office of Information"	5,110
	<u>- 122,950</u>
Total available, 1938	552,050
Budget estimate, 1939	<u>552,050</u>

PROJECT STATEMENT

Projects	1937	1938 (Estimated)	1939 (Estimated)
General administration and business service	\$370,283 (a)	\$552,050 (b)	\$552,050
Unobligated balance.	9,642	---	---
Total appropriation.	379,925 (a)	552,050 (b)	552,050

(a) Obligations, 1937, are exclusive of the following allotments:

"Salaries, Office of the Secretary"	\$23,568
"Rent of Buildings, Department of Agriculture" . . .	41,123
"Printing and Binding, Office of Information" . . .	23,652
"Salaries and Expenses, Office of the Solicitor" . .	3,492
"Salaries and Expenses, Office of Information" . . .	3,240
Total	<u>95,075</u>

(b) Obligations, 1938, exclude allotments of \$122,950 as set forth in first tabulated data above (transferred in estimates for 1939).

WORK UNDER THIS APPROPRIATION

This appropriation provides for the determination of major plans and policies for the national program of the Soil Conservation Service through the offices of the chief and assistant chief and their assistants. It provides the salaries and expenses for the Division of Administration, which is engaged in general administrative activities, including personnel, budget, fiscal, procurement, property records, and general service activities. It also provides for general direction and supervision by the Washington office of all such lines of work in the field.

EMERGENCY FUNDS

Projects	Obligated, 1937	Estimated obligations, 1938
<u>National Industrial Recovery, Interior, Soil-Erosion Prevention (transferred to Agriculture):</u>		
General administrative expenses in connection with a national program of soil conservation	\$38,717	---
<u>Public Works Administration, Allotment to Interior, Soil-Erosion Prevention (transferred to Department of Agriculture):</u>		
General administrative expenses in connection with a national program of soil conservation	36,912	---
<u>Emergency Relief, Agriculture, Administrative Expenses, Soil Conservation Service, 1936-37:</u>		
General administrative expenses in connection with a national program of soil conservation	585,017	\$77,100 (a)
Total	<u>660,646</u>	<u>77,100 (a)</u>

(a) A rescindment since October 31, 1937, of WPA administrative funds available to Soil Conservation Service reduces this figure to \$40,000, which is being expended in the administration of Emergency projects only.

(c) SOIL AND MOISTURE CONSERVATION AND LAND-
USE INVESTIGATIONS

Appropriation Act, 1938 \$1,540,780
 Deduct: Allotments for salaries, printing and binding, rent in
 the District of Columbia, and building guard service (trans-
 ferred in estimates for 1939 and shown under the respective
 headings indicated), as follows:
 "Salaries, Office of Secretary" \$ 4,500
 "Rent in the District of Columbia" 19,170
 "Printing and Binding, Office of Information" 6,509 - 30,179
 Total available, 1938 1,510,601
 Budget estimate, 1939 1,501,601

PROJECT STATEMENT

Projects	1937	1938 (Estimated)	1939 (Estimated)
1. Investigations of the principles involved in soil and moisture conservation and methods for their practical application on the farm.....	\$631,093	\$632,504	\$632,504
2. Watershed investigations of the effect of land-use practices on runoff as related to the methods of control of erosion and floods.....	487,617	490,518	490,518
3. Investigations of sedimentation resulting from erosion	103,943	103,960	103,960
4. Investigations of geographic and climatic factors related to erosion...	85,490	87,535	87,535
5. Investigations of the economics of soil and water conservation.....	94,217	98,042	98,042
6. Investigations of erosion-resisting plants of economic value	97,942	98,042	98,042
Unobligated balance	29,662	---	---
Total	1,529,964(a)	1,510,601(b)	1,510,601

(a) For 1937, excludes the following allotments:

"Rent of Buildings, Department of Agriculture" ... \$8,848
 "Salaries, Office of the Secretary" 201
 "Printing and Binding, Office of Information" ... 1,767
 Total 10,816

(b) For 1938, excludes \$30,179 transferred in estimates for 1939 as set forth in first tabulated data above.

CHANGES IN LANGUAGE

The words "and other necessary expenses" have been eliminated from this item, since this phrase merely repeats authority already contained in the introductory paragraph to "Salaries and Expenses, Soil Conservation Service".

WORK UNDER THIS APPROPRIATION

General.--The permanence of agriculture in this country depends on the preservation of the major portion of the arable soil which still remains and the maintenance of the natural and artificial water supplies which are essential to crop growth on this land. In recognition of this, Congress passed the Soil Conservation Act of April 27, 1935 (16 U.S.C. 590a - 590f). This Act recognizes the need of preserving these resources.

The original condition of our agricultural land has been notably changed as a result of human occupation and use. It is necessary now to study the physical changes which have taken place in order to determine the damage which has been done and the remedies to be applied. The effects of soil and water losses apply not only to individual farms, ranches, and orchards but extend to whole watersheds and to the major streams of the country. The results of soil erosion can be seen in devastating floods, in the silting of reservoirs and waterways, the impairment of navigable stream channels, and damage from wind erosion, and they are reflected in reduction of individual and community incomes.

Investigations under this research appropriation are fundamental to a proper determination of the character, causes, and effects of soil erosion and the development of practical and inexpensive measures that will maintain the land or restore it as nearly as possible to its original condition. The continuing results of such investigations lower the cost of erosion-control practices and increase the effectiveness of the field measures employed. The work of this appropriation is carried forward under six financial projects, as follows:

1. Investigations of the principles involved in soil and moisture conservation and methods for their practical application on the farm.--Investigations are carried out under this project to discover and test principles and practices of agricultural land use necessary to conserve and utilize the soil and water resources of the Nation. These studies are directed toward furnishing the basic information upon which to build a permanent system of agriculture. The work is centered at a number of selected soil and water conservation experiment stations and laboratories, located upon land typical of extensive areas of erodible soils and broad climatic zones subject both to wind and water erosion. The plan of work covers not only the technical investigation of the causes of and remedies for soil erosion but also the practical and inexpensive field application of control measures. As soon as a promising practice has been developed and tested on an experiment station, it is given further trial on operation projects and finally made available to farmers through the Section of Information, soil-conservation districts, and the Extension Service in the areas to which it is applicable.

Fast work at the experiment stations has formed a basis for much of the erosion-control work of the Service on demonstration projects and on entire watershed areas. Records of soil and water losses under different types of treatment give clear proof of the remarkable efficiency of close-growing vegetation in reducing erosion and increasing the permeability of the soil for water. Here for the first time research methods are applied to the diverse problems of stabilizing soils of different types under a variety of crops. The success obtained has been due to the coordinated plan of attack, involving the cooperation of interested bureaus in the Department of Agriculture and of the State experiment stations.

The programs of these stations are as complete as funds permit, and a variety of physical and chemical problems are under investigation in an attempt to correlate various soil and climatic factors. Investigations of this type require time but important results have already been published in mimeographed reports, printed bulletins, and news releases.

Some of the more immediately applicable investigations are as follows: (a) Studies to determine the quantities of soil and of water being lost under different farming practices and for different climatic, topographic, and soil conditions in the various agricultural regions; also (1) the principal causes of such losses and (2) the development and testing of practical agronomic and engineering methods to control and prevent such losses; (b) investigations into the vegetative protection of eroded soils; (c) evaluation studies through observational surveys, practical tests, and field trials upon selected farm sites in problem areas; (d) determination of factors influencing the rate at which topsoil, or its equivalent in fertility, is created under natural conditions or by artificial methods of land treatment.

2. Watershed investigations of the effect of land-use practices on runoff as related to the methods of control of erosion and floods.--Work under this project consists of the following investigations:

(1) Experimental determination of the influence of erosion-control and land-use practices on floods and soil and water conservation over entire watersheds.

Investigations are made of the action of water from the time it reaches the ground as precipitation until it leaves the watershed as surface or underground flow. The effects of physical characteristics of the experimental watersheds that affect runoff and flood flow, such as soil, topography, size, slope, drainage pattern, vegetative cover, surface and underground storage, tillage methods, and erosion-control practices are evaluated. These intensive investigations are conducted on entire experimental watersheds of suitable areas. Two such experimental studies involving watersheds of approximately 5,000 acres each have been established, one in the Muskingum Watershed Conservancy District in Ohio and the other in the Brazos River Conservation and Reclamation District in Texas. Furthermore, through cooperation with these districts, certain investigations are being extended so as to include the larger watersheds of these entire flood-control conservancy districts.

(2) Determination of rates and amounts of runoff from watersheds and agricultural areas throughout the United States for use in the economic design of erosion control, flood control, and other hydraulic structures.

The practical application of the results of the experimental work are extended geographically through studies conducted on small agricultural watersheds throughout the country, which are located largely on operations projects of the Soil Conservation Service. The results obtained there are, in turn, interpreted and extended for application to larger watersheds.

At a number of stations runoff data with varying types of plant cover is being obtained by measurements of soil and water loss on small plots produced by the application of artificial rainfall. This makes possible immediate collection of such data without awaiting the occurrence of intense storms.

3. Investigations of sedimentation resulting from erosion.--Accelerated soil erosion not only destroys the soil of the uplands but produces abnormal quantities of silt, sand, and gravel which streams must carry away and deposit at lower levels. The resulting accumulations of sediment produce serious injury to agricultural bottomlands and to stream channels and reservoirs, with consequent damage to water supply, water power, irrigation, drainage, navigation, and recreation and flood-control developments.

Investigations under this project are designed to provide accurate information on the damage already done by sedimentation, as well as the magnitude of potential damage to be expected under present practices or conditions; to measure from a land-use standpoint the relative needs of the different watersheds for erosion control; and to help establish the basis for proper planning of erosion-control programs for the protection of downstream investments. They will also develop more economical methods of preventing damage to valley agricultural lands and to many other valuable resources by control of erosion and sedimentation within channels and flood plains. The work under this project consists of:

(a) Investigations of the relation of land use to reservoir silting.

The rate of siltation of reservoirs and stream channels constitutes a rough measure of the rate of erosion upon the watershed concerned and increases proportionately with the severity of erosion. Information is obtained through field measurements as to the extent to which reservoirs and channels have been silted up and the rate at which such siltation is progressing. This information is useful in determining the extent to which the application of soil-conservation measures to watershed areas can be justified at Federal expense and in the public interest in order to protect channels and reservoirs from siltation. The information also makes possible accurate estimates of the probable life of the reservoirs concerned.

(b) Investigations of silting damage to stream channels and valley agricultural lands, including methods for its prevention.

One measure of the damage caused by erosion is the extent of impairment of low-lying agricultural lands and stream channels caused by the deposition of infertile products of erosion. Studies of the extent and character of such depositions are necessary in developing methods for controlling this evil not only at the head waters but also at the point of deposition, thereby protecting valuable agricultural lands and navigable channels. From a measurement of the extent of this process determinations are also being made regarding the public interest in the control of erosion on the watersheds concerned.

(c) Investigations of the amount and the factors affecting movement of sediment by natural streams.

Present knowledge of the amount of erosional waste transported by natural streams is inadequate to meet the needs of the Soil Conservation Service. To supply the missing information field stations have been established on representative natural streams to measure the total sediment loads carried; to correlate the different strata of these loads with the varying hydraulic characteristics of the cross section of the streams and with the land use and topography of the watershed; to establish practical methods for the determination of total sediment, including bed load, carried by any stream; and to study engineering methods for the control of the movement of sediment within a stream. A knowledge of these factors is essential to insure the economical construction not only of large reservoirs but also of the smaller developments involved in upstream engineering and soil-conservation work on watershed areas.

(d) Laboratory investigations of principles governing the entrainment, transportation, and deposition of erosional debris.

On many rivers the erosion and scouring of river banks and channels constitute a serious problem, especially in watersheds where runoff has been accelerated through the excessive erosion of upstream areas. Particularly is this true of the arroyo cutting in the alluvial valley plains of the West. As the result of increased flood flows serious erosion occurs not only on the bottom of the river channel but also through the cutting away of river banks, resulting directly in the destruction of large areas of valuable agricultural land and in the deposition of the removed soils in lower-lying reservoirs and channels. The purpose of these studies is to develop fundamental information needed in the planning and application of adequate control measures, to develop instruments for use in soil-conservation work, and to solve under laboratory controlled conditions other problems in soil conservation originating in the field.

4. Investigations of the geographic and climatic factors related to erosion.--Erosion-control measures are not universally applicable under all environmental conditions. Those which are successful in the Piedmont may fail completely if applied in the Southwestern States. It is therefore necessary to study in detail the climatic and geographic factors which cause these regional differences. Studies necessary to evaluate the factors concerned are carried out under this project as follows:

(a) Climatic research: This includes the classification of rainstorms to show the types which ordinarily occur in each climatic region and the manner in which they contribute to soil erosion and flood formation. It also includes investigations of the source of moisture for rainfall and the influence of various land-use practices on precipitation and on evaporation.

Climatic conditions affect not only the distribution of vegetation and the formation of the major soil groups but also the type and intensity of soil erosion. For this reason studies have been initiated to delimit accurately the climatic regions of the country to serve as units for the study of erosion hazards; to determine the extent and distribution of the climatic factors which cause soil erosion, such as the frequency of storms and rainfall of

varying and dangerous sizes and intensities; and the expectancy of climatic hazards, such as drought. This work is carried on in cooperation with the Weather Bureau and is supplemental to their studies.

(b) Physiographic research: Field studies (such as the mechanics of gully cutting, sheet wash, and wind erosion and the relation of these processes to the character of the bed rock, soil type, climate, vegetation, and previous use of the land) of the geologic processes involved in erosion are being initiated in several of the climatic regions of the country. For each of these it is necessary to develop a specific set of standards for rapid diagnosis of the stage of erosion or recovery and for estimating the effectiveness of control measures.

(c) Ecological research: Since the vegetation found on an uncultivated area best expresses the total effect of all factors acting on the land, changes in plant cover of a region form an accurate measure of the amount of erosion which has occurred or the stage of recovery. Unaided natural recovery proceeds slowly through a definite series of plant successions. These vary under different climatic and geographic conditions. In order to speed up the processes of recovery through artificial revegetation, it is necessary to understand all phases of natural plant succession. Ecological research determines, through field studies, the nature of plant succession on eroded areas in each of the climatic regions, the influence on soil erosion of successional changes introduced by settlement and various types of land utilization, and the methods of controlling erosion by artificially established plant covers.

(d) Erosion history studies: Through research in erosion history it is becoming possible to determine the cause and rate of erosion due to man's use as contrasted to geologic norms of erosion and to assemble the results of past experience of practical farmers in erosion control. Modern controlled experimentation should begin at the point where experience ends. In all sections of our country erosion followed almost immediately upon settlement. Progressive farmers recognized the evil and, in many cases, tried farm practices which appeared adapted to their individual erosion problem. Records of their experience form the largest mass of erosion-control literature available today. Nature, too, has supplied means for controlling even the most malignant types of erosion through use of vegetative covers. Erosion-resisting plants have been introduced from Africa, Asia, and South America. A systematic examination of the literature of foreign regions which have climatic and physiographic conditions similar to those in our own country enables us to locate new plants adapted to erosion control and to capitalize on the experience which foreign countries have acquired during their longer agricultural histories. Through systematic search of old journals and newspapers the relation of changing land use to erosion and floods is determined. Results of the above studies effect economies through avoiding unnecessary and expensive experimentation.

5. Investigations of the economics of soil and water conservation.--The work under this project is designed to develop an economic appraisal of the current soil-conservation program and to provide suggestions for its improvement.

This appraisal is developed through a determination of the changes in the ownership, operation, and financial organization of farms, ranches, and orchards and in the income and standard of living of their operators brought about both by erosion and by an erosion-control program, as well as by the effect of the latter agencies on nonagricultural individuals, institutions, and communities. Further, this appraisal involves a determination of the damage sustained by the public due to the destruction of land by erosion, accumulation of erosional debris on roads, in streams, and in reservoirs; the cost to the public of erosion control; and, finally, a measurement of the public benefits to be gained from a coordinated program of soil and water conservation.

These studies are carried out in cooperation with the Bureau of Agricultural Economics, the State agricultural experiment stations, and other appropriate bureaus and agencies; with farmers both within and without the soil-conservation demonstration and camp areas; and with individuals and organizations qualified to furnish information leading to the evaluations contemplated.

These studies are necessary in order to provide much needed information, for which there is tremendous demand, for the workers in the Soil Conservation Service and in allied fields, for farmers, and for all others interested in the question as to how far a soil and moisture conservation program is economically feasible and how its cost may be justly distributed among its beneficiaries under different conditions of soil, slope, severity of erosion, cost of control, land value, potential income, market prices, and other limiting factors.

6. Investigations of erosion-resisting plants of economic value.-- The work under this project aims to improve erosion-control vegetation for safe and profitable use on sloping agricultural land through research done in cooperation with other Departmental agencies and the State agricultural experiment stations. Permanent and effective erosion control is accomplished largely by establishing and maintaining perennial vegetative cover on soils subject to erosion. Many millions of acres of agricultural land must be retired from clean-tilled cultivation incident to accomplishing the national program of soil and water conservation. The annual cash returns from uncultivated vegetation, such as ordinary forest cover or pasture, are frequently not sufficiently high to justify the average farmer in discontinuing cultivation to the extent called for in the erosion-control plans. Consequently an urgent need exists to find new and economically profitable plant covers preeminently adapted to erosion-control purposes on this retired land.

A serious erosion problem which existed in the Dutch East Indies was overcome by research development of highly improved selections of crop-producing shrubs, trees, and perennial groundcovers grown under a system of scientific soil-saving farming known as bergculture or hillculture. This system was developed to meet conditions in the tropics, but hillculture principles can be applied to the United States through study and experimentation.

The purpose of these investigations is to find superior types of erosion-resisting plants having high actual or potential economic possibilities; to work with and test combinations of these plants for adapting them

to erosion-control land use in the different climatic regions, soils, and sites; to determine the economic uses and values of these plants and secure their improvement through selection and breeding, if necessary; and to perfect economical methods of propagating, managing, and utilizing the selected strains. Plants for new and desirable human foods, such as improved nuts and wild fruits, offer sound possibilities for hillculture development, while numerous other erosion-control plants may produce commercial products having a wide variety of uses. The plan of work calls for three primary and interdependent steps in cooperative research.

The first step is exploratory investigation to orient the cooperative plant research in relation to erosion-control requirements. The established facts on erosion-controlling economic plants need to be collected and synthesized; plant strains having promise for hillculture purposes need to be found and evaluated; and erosion-control standards need to be developed as specifications to guide the research done by cooperating agencies for the improvement, profitable use, and proper management of these plants and plant covers.

The second phase of the research, done through direct cooperation with the State agricultural experiment stations, is to conduct systematic hillculture field tests and management studies. As rapidly as promising hillculture plants are found, tests to determine the range of climatic adaptation are made in cooperation with all State experiment stations and other cooperating agencies. Intensive tests of integrated erosion-control covers are made at selected stations representing erosion-control conditions over a wide region. These detailed tests relate both to determination of erosion-control effects and economic production of the selected and managed vegetation growing on sloping lands.

The third phase of these investigations relates to improving the erosion-control and economic qualities of promising hillculture plants, including resistance to drought, diseases, and insects and properties of the fruits or other useful products. Cultural methods are investigated, especially quick and cheap methods of propagating the selected strains from vegetative parts, so that the superior qualities are retained by the progeny and planting stock made available at reasonable cost. The initial research on these phases of the project is chiefly in the field of the Bureau of Plant Industry and therefore is done with and through that bureau. Determination of industrial and food values and markets for new and specialized plant products that may profitably be produced through hillculture development covers a very wide field of study and eventually will call for cooperation from several bureaus of the Department.

EMERGENCY FUNDS

Projects	Obligated, 1937	Estimated obligations, 1938
<u>Emergency Relief Appropriation Act 1936-37</u> (Administrative Expenses):		
1. Investigations of the principles involved in soil and moisture conservation and methods for their practical application on the farm	\$15,942	\$ 1,000
2. Watershed investigations of the effect of land-use practices on runoff as related to the methods of control of erosion and floods	9,096	2,500
3. Investigations of sedimentation resulting from erosion	8,000	1,000
4. Investigations of geographic and climatic factors related to erosion	6,964	4,250
5. Investigations of the economics of soil and water conservation	---	500
6. Investigations of erosion-resisting plants of economic value	---	1,000
Total, Emergency Relief, 1936-37 (Administrative Expenses)	40,002	10,250
<u>Emergency Relief, Appropriation Act 1935-37</u> (national program of soil conservation):		
1. Investigations of the principles involved in soil and moisture conservation and methods for their practical application on the farm	180,519	20,000
2. Watershed investigations of the effect of land-use practices on runoff as related to the methods of control of erosion and floods	196,504	50,000
3. Investigations of sedimentation resulting from erosion	156,843	20,000

Projects	Obligated, 1937	Estimated obligations, 1938
<u>Emergency Relief, Appropriation Act 1935-37</u> <u>(national program of soil conservation) - Continued</u>		
4. Investigations of geographic and climatic factors related to erosion	\$86,798	\$85,000
5. Investigations of the economics of soil and water conservation	13,435	9,360
6. Investigations of erosion-resisting plants of economic value	6,479	20,000
Total, Emergency Relief, 1935-37	640,578	204,360
Total, Emergency Funds	680,580	214,610

(d) SOIL AND MOISTURE CONSERVATION OPERATIONS,
DEMONSTRATIONS, AND INFORMATION

Appropriation Act, 1938	\$22,175,000
Deduct: Allotments for salaries, printing and binding, rent in the District of Columbia, and guarding of rented quarters (trans- ferred in estimates for 1939 and shown under the respective headings indicated), as follows:	
"Rent in the District of Columbia"	\$46,590
"Salaries, Office of Secretary"	1,395
"Printing and Binding, Office of Information" ..	195,701
"Salaries and Expenses, Office of Information" ..	13,320
Total, as above	- 257,006
Transferred to "Rent of Buildings, Department of Agriculture" (for proportional share of rental of Atlantic Building by Forest Service, incident to relinquishment to S.C.S. of space in South Building originally intended for Forest Service)	- 15,000
Total available, 1938	21,902,994
Budget Estimate, 1939	21,462,349
Decrease	<u>440,645</u>

PROJECT STATEMENT

Projects	1937	1938 (Estimated)	1939 (Estimated)	Increase or decrease
1. <u>General conservation surveys to determine the extent and distribution of erosion</u>	\$638,449	\$603,986	\$592,579	- \$11,407(1)
2. <u>Soil and moisture conservation operations on demonstration projects, and cooperation with conservation districts, the Civilian Conservation Corps, and other agencies:</u>				
a. Soil and moisture conservation operations by means of demonstration projects in agricultural and erosion regions.....	13,168,684	12,933,552	11,065,025	-1,868,527(1)
b. Soil and moisture conservation operations (Federal aid) in cooperation with conservation districts established under State laws.....	226,159	1,074,211	3,136,166	2,061,955(1)
c. Technical cooperation with emergency conservation work (CCC) camps and other Federal and State agencies.....	1,418,177	2,254,505	1,826,813	- 427,692(1)
Total, Project 2	14,813,020	16,262,268	16,028,004	- 234,264(1)
3. <u>Soil and moisture conservation operations on watersheds largely owned or controlled by the Government</u>	3,284,363	3,549,764	3,547,194	- 2,570(1)
4. <u>Operation of erosion nurseries for the propagation of plants for use in soil and moisture conservation operations</u>	1,164,593	1,312,526	1,294,572	- 17,954(1)
transferred to other agencies for services rendered (a).....	203,188 (a)	74,450 (a)	- - -	- 74,450(1) (b)
unobligated balance.....	2,638,140	100,000	- - -	- 100,000(1)
Total.....	22,741,753 (c)	21,902,994 (d)	21,462,349	- 440,645(1)

(a) Transferred to:

	1937	1938
Bureau of Standards for tests of photographic materials.....	\$1,500	
Geological Survey for operation of stream-gauging stations.....	833	
"Miscellaneous Expenses", Department of Agriculture, for increase in Central Supply inventory as authorized in Agricultural Appropriation Act, 1937.....	25,000	
Forest Service for cooperative work on western range survey.....	60,000	
Coast and Geodetic Survey for installation of controls		

	1937	1938
for aerial survey.....	\$115,855	\$74,450
Total.....	203,188	74,450
(b) Reduction, 1939, applicable to project 3 (making total decrease of \$77,020 for that project).		
(c) For 1937, exclusive of the following allotments:		
"Rent of Buildings, Department of Agriculture".....	\$21,207	
"Salaries, Office of Secretary".....	3,603	
"Salaries and Expenses, Office of Information".....	660	
"Printing and Binding, Office of Information".....	86,262	
Total.....	111,732	
(d) For 1938, exclusive of \$272,006, transferred in estimates for 1939, as shown in the tabulation preceding the Project Statement.		

DECREASE

(1) There is a reduction of \$440,645 for this activity in 1939 (from \$21,902,994 net available in 1938 to \$21,462,349 for 1939). This is made up of the following items:

- (a) An apparent reduction of \$30,000 for transfer to "Salaries, Office of Secretary", and shown as an increase in the Budget for 1939 under that heading, for salaries in the Office of Land Use Coordination.
- (b) An actual reduction in working funds of \$410,645. These reductions have been allocated to various financial projects as indicated in the foregoing project statement.

The reduction for all phases of financial project 2 (Soil and moisture conservation operations) is, as shown in the total, \$234,264. This reduction is accompanied by an adjustment between the three work projects within the financial project to meet the shift in emphasis being made from the demonstration project phase of the program to the furnishing of technical cooperation to legally organized soil conservation districts, which necessarily involves a reduction in funds for demonstration projects (2-a) and an increase in funds for technical cooperation with conservation districts (2-b). Also, in the early part of the fiscal year 1938, during the formative period of these districts, funds were transferred from project 2-a to project 2-c in order to furnish needed technical assistance to State extension services and other agencies, and to place the CCC part of the erosion-control program on a more effective basis. It is anticipated that a larger sum will be obligated for technical cooperation with CCC camps under project 2-c during 1938 than will be available during 1939 because of the increased demand expected in 1939 from soil conservation districts; hence an adjustment is made reducing the estimated obligations for 1939 under project 2-c and increasing those under project 2-b for cooperation with soil conservation districts.

CHANGES IN LANGUAGE

The words "and other necessary expenses" have been eliminated from this item, since this phrase merely repeats authority contained in the introductory paragraph to "Salaries and Expenses".

WORK UNDER THIS APPROPRIATION

1. General conservation surveys to determine the extent and distribution of erosion.--This project involves the preparation and publication of soil-conservation surveys, which furnish an inventory of physical land factors basic to the entire soil and moisture conservation plans and closely integrated with both research and operations programs. These surveys, for example, are fundamental to a proper determination of sites for research and demonstration projects and to an understanding of the nature, extent, and distribution of erosion problems in proposed legally constituted soil conservation districts. They will also furnish a basis for the application of information obtained on demonstration and research projects. The survey maps and reports, frequently prepared in cooperation with State agencies, are in turn available for the use of other interested organizations and thus assist in disseminating, where needed, information which is basic to integrated programs of land management and optimum land use.

Specifically, conservation surveys consist of mapping the nature, degree, extent, and distribution of water and wind (or other) erosion, the varieties of soils and soil groups, the nature, amount, and distribution of cover, and the degree of slope. Preparation of such maps necessitates the making of aerial surveys as well as the maintenance of adequate facilities for the compilation of the physical data in map form for publication.

The extensive detailed erosion-survey work carried out on individual farms, ranches, or orchards necessary in the preparation of detailed working plans for soil and moisture conservation operations within demonstration and camp areas is not included under this project, since the cost for such work is properly chargeable against project expenditures; nor is there included under this project such survey work as may be involved in furnishing technical supervision for the erosion-control work for other agencies. Surveys made by the Bureau of Chemistry and Soils and the Soil Conservation Service are coordinated to avoid duplication.

The need for work under this project lies in the meagerness of accurate information as to the distribution and extent of erosion in the continental United States and its island possessions. The general reconnaissance erosion survey made at the request of the National Resources Committee during the fiscal year 1935 gives a very general picture of the problem, but much more detailed information and study is essential in order properly to ascertain the character and seriousness of erosion and the need for soil and water conservation. A general reconnaissance survey has also been made of Puerto Rico and a similar survey is needed and is planned for the Hawaiian Islands.

2. Soil and moisture conservation operations on demonstration projects, and cooperation with conservation districts, the Civilian Conservation Corps, and other agencies.--Work under this project consists of the widespread application of practical and effective methods and practices of soil and moisture conservation and run-off retardation through demonstration and through furnishing technical planning and other assistance to legally organized conservation districts, to the Civilian Conservation Corps, and to other agencies either administering lands or having funds available that may be utilized for these purposes.

Formerly this work was shown in three financial projects: (1) Soil and Moisture Conservation Operations by Means of Demonstration Projects in Agricultural and Erosion Regions, (2) Soil and Moisture Conservation Operations (Federal Aid) in Cooperation with Conservation Districts Established Under State Laws, and (3) Technical Cooperation with Emergency Conservation Work (CCC) Camps and Other Federal and State Agencies. With the further development of our long-term soil and moisture conservation program, however, there has been a shift in emphasis from the operation of demonstration projects to the establishment of legally organized conservation districts, together with a closer integration between these and other types of operations, such as those performed with the aid of CCC camps. Twenty-two States had by July 1, 1937, provided legislation authorizing the establishment of soil conservation districts for erosion control. It is expected, therefore, that a considerable number of such districts will be set up before or during the fiscal year 1939.

The purpose of the above consolidation, therefore, will be to give flexibility so as to permit shift of emphasis from demonstration projects to conservation districts as rapidly as conditions may require in order to make possible the adequate utilization of demonstration-project personnel in the supervision of CCC projects and to permit such adjustments as will place our work in cooperation with other agencies on a more effective basis and to obtain a wider application of erosion-control practices.

The specific nature of the work done involves the selection of definite project and camp areas typical of agricultural regions seriously affected by erosion; and the development and carrying out of a complete soil and moisture conservation and run-off retardation program for each cooperating farm within these areas. An educational program is carried out in cooperation with the Agricultural Extension Service so that information concerning the beneficial results of these demonstrations is brought to the attention of the public, particularly in farming communities. Cooperation with legally constituted conservation districts is undertaken (1) by providing technical services in planning and supervision and (2) through sharing the cost with the State and the communities concerned on a basis of Federal assistance for such other essential services and assistance as can practically be provided by individual farmers. Technical personnel is also made available to prepare soil and moisture conservation plans for other agencies, and in some cases supervision of labor employed in such activities is also furnished, but the cost of applying land-use plans and erosion-control and run-off retardation operations are, in general, borne by the agencies to which such assistance is given.

3. Soil and moisture conservation operations on watersheds largely owned or controlled by the Government.--Operations under this project involve soil and moisture conservation activities on watershed areas composed in major part of Federally-owned or controlled land (public domain, Indian reservations, parks, and other Federal reserves). In these areas where the Federal Government is responsible for the application of proper land-use plans the most effective and economical procedure is to go ahead immediately with a soil and water conservation program since delay may permit the development of erosion to the point where the cost of effective control becomes prohibitive.

These areas, largely under Federal control, have long been subject to severe overgrazing which has resulted in the denudation of natural vegetation, the prevention of plant reproduction in certain forest and formerly

grassed areas, an exceedingly serious acceleration of erosion, and the formation of destructive floods carrying large quantities of silt. This process has upset the balance between rainfall and vegetative cover and the resulting amounts of run-off, infiltration, and underground storage of water. Perennial streams, formerly not subject to destructive floods, have been transformed into eroded washes, either entirely dry or overflowing with flash floods.

Irrigated lands in the lower reaches of watersheds are subject alternately to lack of water and destruction through bank and new channel cutting of meandering currents. Large irrigation projects are threatened with relatively early abandonment due to siltation of reservoirs and irrigation canals. Areas formerly made productive by flood-water irrigation methods are being progressively abandoned due to back-cutting of gullies and denudation of local watersheds.

Grazing values of range lands are declining to the point where the virtual abandonment for economic use of large livestock areas is imminent. As a consequence, the permanent habitability of large portions of the areas concerned is threatened and large Federal and private investments in irrigation reservoirs and values dependent thereon are likewise menaced. The plan of operation on these projects contemplates the restoration of natural balance through the following procedure: (1) The preparation of a comprehensive and integrated plan and method of procedure for each watershed, including the necessary surveys of range-carrying capacities, erosion, topographic, and soil conditions, climatological data, natural water supply, and the outline for readjustments and methods of land use based on existing population distribution and economic conditions as related to the physical factors involved. Such plans are also being integrated with those of other agencies having responsibilities in these watersheds. (2) The application of control measures such as the prevention of overgrazing; artificial revegetation of denuded areas; damming of gullies; and the spreading of water from eroded gullies and washes to neighboring lands to make possible (a) stabilization and refilling of gullies and (b) an increase in the amount and density of erosion-resisting vegetation on lands thus provided with increased water supply; the introduction of improved methods of flood-water farming to make possible the existence of native populations who would be asked to reduce their livestock as an important measure of range rehabilitation; the rebuilding of areas destroyed by bank-cutting of meandering waterways, and the protection of neighboring lands through planting of vegetation in the bottoms of destructive washes; contour furrowing; ridging or basin listing of certain areas; and the encouragement of grass and forest reproduction.

4. Operation of erosion nurseries for the propagation of plants for use in soil and moisture conservation operations.-- Operations under this project involve the maintenance and operation of an adequate number of nurseries for the purpose of assembling and producing native and introduced plants valuable for controlling erosion. These plants will be used on the various erosion-control projects of the Soil Conservation Service. This work is essential in order that the various demonstration and other projects of the Soil Conservation Service may be supplied with adaptable planting stock in quantities adequate to carry on an effective program of vegetative erosion control.

The program includes the collection and utilization of species of plants not in common use and the quantity collection and production of those species which occur abundantly. There is acute need for the establishment of vegetation

on thousands of acres of abandoned and about-to-be-retired land, for which purpose, because of climatic conditions and soil variations, the supply of propagating materials of a large number of useful species of grasses, trees, and shrubs is very limited. Due to overgrazing and other factors in wide areas of the Great Plains region, the grasses have in recent years been almost totally destroyed. Reseeding and proper crop management are urgently needed in such areas to prevent them from becoming sources of dust storms.

Many species of promising native grasses and other vegetation from the dry-land areas are being brought together in the nurseries for propagation. Species of grasses, trees, and shrubs introduced by the Bureau of Plant Industry from foreign countries are also grown in the nurseries. These plants are classified as to their growth characteristics, drought resistance, soil adaptability, most effective rates of seeding and mixtures, requisite cultural methods, forage values, and ecological characteristics as a basis for recommendations as to their use in field plantings.

The program also includes charting the approximate boundaries of the range (habitat) of all valuable species to facilitate the planting of those types which are most adapted to the control of erosion in the areas where re-vegetation is necessary.

The retirement of eroding and erodible land to trees is primarily carried on east of the Great Plains and to a lesser extent on the Pacific Coast where moisture conditions are most favorable to tree growth. The nurseries supply planting stock and seed for an annual tree-planting program of approximately a half billion trees. Stock of both local and adapted species not generally grown are produced in the nurseries. An attempt is made to furnish suitable stock for most adaptable plantings under a wide range of site factors.

A. A. A. ALLOTMENTS

Projects	Obligated, 1937	Estimated obligations, 1938
<u>Agricultural Adjustment Administration</u> (Payments for Agricultural Adjustment):		
1. Conservation surveys to determine the extent and distribution of erosion in Puerto Rico (In lieu of sugar tax funds).....	\$13,139	\$54,759
<u>Conservation and Use of Agricultural Land Resources, Department of Agriculture</u> (transferred to Soil Conservation Service) (Administrative Expenses):		
2-C. Administrative expenses in connection with the agricul- tural range conservation pro- gram	650	13,483
Total, A. A. A. Allotments	13,789	68,242

EMERGENCY FUNDS

(Direct allotments)

Projects	Obligated, 1937	Estimated obligations, 1938
<u>National Industrial Recovery, Agriculture Plant Industry</u> (transferred to Soil Con- servation Service):		
Operation of erosion nurseries for the propagation of plants for use in soil and moisture conservation operations.....	\$16,606	----
<u>Public Works Administration, Allotment to Interior, Soil Erosion Prevention</u> (trans- ferred to Agriculture):		
Technical cooperation with emergency conservation work (CCC) camps and other Fed- eral and State agencies.....	44,285	----
<u>Emergency Relief Appropriation Act, 1936- 1937 (Administrative Expenses):</u>		
General conservation surveys to determine the extent and distribu- tion of erosion.....	128,488	----
Soil and moisture conservation op- erations on demonstration projects, and cooperation with conservation districts, the Civilian Conserva- tion Corps, and other agencies:		
Soil and moisture conser- vation operations by means of demonstration projects in agricultural and erosion regions.....	142,392	\$97,638
Technical cooperation with emergency conservation work (CCC) camps and other Federal and State agencies...	261,862	37,921
Total	404,254	135,559

Projects	Obligated, 1937	Estimated obligations, 1938
Soil and moisture conservation operations on watersheds largely owned or controlled by the Government.....	\$132,089	\$19,048
Operation of erosion nurseries for the propagation of plants for use in soil and moisture conservation operations.....	7,413	10,948
Total Emergency Relief 1936-37 (Administrative Expenses).....	672,244	165,555
<u>Emergency Relief Appropriation Act 1935-37</u> (national program of soil conservation):		
Soil and moisture conservation operations by means of demonstration projects in agricultural and erosion regions.....	5,471,036	1,218,253
Technical cooperation with emergency conservation work (CCC) camps and other Federal and State agencies.....	----	4,000
Total.....	5,471,036	1,222,253
Soil and moisture conservation operations on watersheds largely owned or controlled by the Government.....	565,107	18,000
Operation of erosion nurseries for the propagation of plants for use in soil and moisture conservation operations.....	89,938	58,000
Drought Relief Projects.....	1,515,671	----
Total Emergency Relief 1935-37.....	7,641,752	1,298,253
Total, Emergency funds (direct allotments)	8,374,887	1,463,808

A. A. A. ALLOTMENTS AND EMERGENCY FUNDS

(Complete Bureau Statement)

(1) Direct Allotments

Projects	Obligated, 1937	Estimated obligations, 1938
<u>National Industrial Recovery, Interior, Soil-Erosion Prevention</u> (transferred to Agriculture): Soil-erosion control, operations, demonstrations, and information ...	\$38,717	---
<u>National Industrial Recovery, Agriculture, Plant Industry</u> (transferred to Soil Conservation Service): For construction of erosion-control nurseries for growing soil-protecting trees, bushes, and other plants	16,606	---
<u>Public Works Administration, Allotment to Interior, Soil-Erosion Prevention</u> (transferred to Agriculture): Soil-erosion control, operations, demonstrations, and information	81,197	---
<u>Agricultural Adjustment Administration</u> (Payments for <u>Agricultural Adjustment</u>): Conservation surveys to determine extent and distribution of erosion in Puerto Rico..	13,139	\$54,759
<u>Emergency Relief, Appropriation Act 1935-37</u> (national program of soil conservation).....	8,282,330	1,502,613
<u>Emergency Relief, Appropriation Act 1936-37</u> (administrative expense).....	1,297,263	252,905
<u>Conservation and Use Agricultural Land Resources, Department of Agriculture</u> (transferred to Soil Conservation Service): Administrative expenses.....	650	13,483
Total.....	9,729,902	1,823,760

(2) Indirect Allotments

Projects	Obligated, 1937	Estimated obligations, 1938
<u>Emergency Conservation Work</u> (authorized by Act of March 31, 1933, as amended; financed through War Department): Work of Civilian Conservation Corps in connection with erosion-control and other soil-conservation projects.....	\$14,139,839	---
<u>Civilian Conservation Corps, 1938</u> (transfer to War): Work of Civilian Conservation Corps in connection with erosion-control and other soil-conservation projects.....	---	\$12,524,000

PASSENGER-CARRYING VEHICLES

The authorization for the purchase of passenger-carrying vehicles for the Soil Conservation Service for the fiscal year 1939 contemplates an increase of \$25,000 (\$100,000 in 1938; \$125,000 estimated for 1939). This \$125,000 will permit the needed replacement of 287 cars at a net average cost of \$436 each when exchange allowances are taken into account. No increase in the net number of cars available is contemplated. On the contrary, there will be a reduction in the number of cars contemplated under this estimate of 22.

The increase in the authority requested for 1939 is necessary because a number of cars purchased in 1936 and 1937 have been operated over exceedingly rough country or have developed serious mechanical defects so that it will no longer be economical to operate them, and it is distinctly to the best interest of the work to turn them in during the fiscal year 1939, replacing them with new cars.

These replacements will permit the continuation of the work formerly conducted and contemplated new work in connection with the organization of the soil conservation districts in the States which have passed enabling legislation. Unless these replacements can be made, employees will either have to use common carriers or personally-owned automobiles. The common carrier is not well suited to this work as the work is generally performed in areas where public transportation is inadequate, and the use of personally owned cars, by reimbursement therefor, is not economical where extensive and continuous operation is involved such as is the case here.

The automobile is indispensable for the proper conduct of the Bureau's varied activities throughout the country. The purchase and operation of Government-owned cars has been found from experience to be more economical than either hiring of commercial cars or the use of personally-owned cars on a mileage basis. Records kept over a period of years by various agencies indicate that the average per-mile cost on a Government-owned car, figuring in the purchase price and all operating and maintenance expenses up to the time they are turned in as no longer serviceable and then deducting the exchange allowance, is approximately 3 cents. On the other hand, the cost of hiring personally-owned cars averages about 5 cents per mile and for hiring commercial cars from 10 to 15 cents per mile. Under the circumstances, the use of the new cars will result in economy and increased efficiency in this work.

CONSERVATION AND USE OF AGRICULTURAL LAND RESOURCES,
DEPARTMENT OF AGRICULTURE

Appropriation Act, 1938	\$340,000,000 (a)
Budget Estimate, 1939	330,000,000 (b)
Decrease.	<u>10,000,000</u>

(a) In addition to the direct appropriation of \$340,000,000 for 1938, the Agricultural Appropriation Act made available other funds totaling \$160,000,000 for the purposes of this appropriation, making, in all, a total of \$500,000,000 available for 1938.

The additional \$160,000,000 for 1938 consisted of the following:

1. The unobligated balance of funds appropriated for 1937 by section 32 of the Act approved August 24, 1935 (7 U.S.C. 612c) \$92,978,552

2. An amount from funds appropriated for the fiscal year 1938 by section 32 of the Act approved August 24, 1935, which added to the unobligated balance of section 32 funds appropriated for the fiscal year 1937 would not exceed \$110,000,000 from both the 1937 and 1938 appropriations. 17,021,448

3. Not to exceed \$50,000,000 of the unexpended balance of the \$100,000,000 appropriation provided under section 12(a), title I, of the Agricultural Adjustment Act of May 12, 1933 (7 U.S.C. 612) 50,000,000

- Total additional, 1938 160,000,000

(b) In addition to the direct appropriation of \$330,000,000, the estimates for 1939 contemplate authorization of the use, for the purposes of sections 7 to 17, inclusive, of the Soil Conservation and Domestic Allotment Act of February 29, 1936 (16 U.S.C. 590g-590q), of a total amount of \$110,000,000, making, in all, a total of \$440,000,000 available for 1939.

The additional \$110,000,000 for 1939 consists of the following:

1. The estimated unobligated balance of the \$296,185,000 fund appropriated by the Supplemental Appropriation Act, approved February 11, 1936, under the head "Payments for Agricultural Adjustment" (49 Stat.1116). . \$38,749,972

- | | | |
|----|--|---------------------------|
| 2. | The \$50,000,000 of the unobligated balance of the \$100,000,000 fund provided by section 12(a), Title I, of the Agricultural Adjustment Act of May 12, 1933, made available for 1938 by the Agricultural Appropriation Act but not obligated in 1938. . | \$50,000,000 |
| 3. | An additional amount of the unobligated balance of the \$100,000,000 fund provided by section 12(a), Title I, of the Agricultural Adjustment Act of May 12, 1933. . . . | <u>21,250,028</u> |
| | Total additional, 1939 | <u><u>110,000,000</u></u> |

A summary of the foregoing information is shown in tabular form as follows:

Summary of the funds available
under this heading

Source of funds	1937	1938	Budget estimate, 1939	Increase or decrease
Direct appropriation	\$440,000,000	\$340,000,000	\$330,000,000	-\$10,000,000(a)
Provided from "Ex- portation and Domestic Consumption of Agricultural Commodities, 1937".	- - -	92,978,552	- - -	- 92,978,552
Provided from "Ex- portation and Domestic Consumption of Agricultural Commodities, 1938".	- - -	17,021,448(b)	- - -	- 17,021,448
Provided from "Salaries and Ex- penses, Agricultural Adjustment Adminis- tration".	- - -	50,000,000(c)	50,000,000(c)	- - -
Provided from "Salaries and Ex- penses, Agricultural Adjustment Adminis- tration".	- - -	- - -	21,250,028	+21,250,028
Provided from "Pay- ments for Agri- cultural Adjust- ment".	30,000,000(d)	- - -	38,749,972(d)	+38,749,972
Total available . .	470,000,000	500,000,000	440,000,000	- 60,000,000
Deduct:				
Funds made available as shown above but not used.	30,000,000(d)	- 60,000,000(b)	- - -	+ 60,000,000
Transfer to "Conser- vation and Use of Agricultural Land Resources, Prelimi- nary Conservation Payments" (Agr. Adjustment Admn.)	5,000,000	- - -	- - -	- - -
1937 appropriation obligated in 1936	4,640,233	- - -	- - -	- - -
Unobligated balance	39,421,829	- - -	- - -	- - -
Total obligated. .	390,937,938	440,000,000	440,000,000	- - -

(a) The decrease of \$10,000,000 in the amount estimated in the direct appropriation for 1939 as compared with 1938 is offset by a corresponding increase in the amount to be made available by the reappropriation of unobligated balances of funds made to the Department under the \$296,185,000 fund "Payments for Agricultural Adjustment" provided by the Supplemental Appropriation Act, fiscal year 1936, and from the \$100,000,000 fund appropriated under section 12(a), Title I, of the Agricultural Adjustment Act of May 12, 1933.

(b) Of the \$17,021,448 of 1938 Sec. 32 funds, authorized for the fiscal year 1938, an amount of \$10,000,000 was not transferred and will revert to the Treasury when the appropriation terminates. This is a part of the \$60,000,000 deducted in 1938. The remainder is the \$50,000,000 of Sec. 12(a) money made available for 1938 but not to be used in that year. This \$50,000,000 is proposed to be made available for 1939 under the Budget estimate.

(c) The amount authorized for the fiscal year 1939 is the sum made available in 1938 but not transferred as authorized and therefore is available in 1939.

(d) The unobligated balance of funds estimated for 1939 includes the \$30,000,000 from "Payments for Agricultural Adjustment" made available in 1937 but not obligated in that year.

PROJECT STATEMENT

Item	1937	1938 (Estimated)	1939 (Estimated)	Increase or decrease
	(a)	(a)	(a)	
Payments to farmers.	\$377,977,036	\$420,866,161	\$420,892,674	+ \$26,513
AAA administrative expense . .	9,351,301	15,638,762	15,638,762	- - -
Transfers and allotments to other bureaus and agencies, as shown in the Budget, including the Extension Service, Forest Service, Bureau of Agri- cultural Economics, Offices of the Secretary and the Solicitor, Division of Disbursements, Treasury Dept., General Accounting Office, etc.	3,609,601	3,495,077	3,468,564	- 26,513
Total obligations. . .	390,937,938	440,000,000	440,000,000	- - -

(a) Including expenses of county associations and committees of farmers, 1937, \$25,066,265; 1938 (estimated), \$22,934,070; 1939 (estimated), \$22,934,070

CHANGE IN LANGUAGE

The Budget contemplates changes in the language of this item as follows:

(1) To clarify the language by eliminating the words "personal services and rent" and "other necessary expenses", substituting therefor the words "persons and means" and "rent in the District of Columbia".

(2) To eliminate reference to the funds reappropriated for the fiscal year 1938; and to substitute, in lieu thereof, authority to use \$110,000,000 of the "unexpended balance of the appropriation made by the Supplemental Appropriation Act, fiscal year 1936, under the head Payments for Agricultural Adjustment (49 Stat. 1116) and by section 12(a) Title I, of the Agricultural Adjustment Act of May 12, 1933 (7 U.S.C. 612).

(3) To change the applicable years as amended.

(4) To extend the proviso relating to purchase of seeds, fertilizers, and other farming materials and to the reimbursement of the Tennessee Valley Authority for such purchases to include lime and trees and to apply not only to the Tennessee Valley Authority but to any other Government agency and to apply to the 1939, as well as the 1938 programs, authorized under sections 7 to 17, inclusive, of the Soil Conservation and Domestic Allotment Act. The Third Deficiency Appropriation Act, fiscal year 1937, amends the provisions of this language as contained in the 1938 Agricultural Appropriation Act so as to apply not only to the 1937 programs but to the 1938 programs as well, so that funds for purchases and for reimbursement may be made available for obtaining or contracting for such materials as early as possible in the fall of 1937 in order to make grants thereof in connection with the 1938 programs during the spring and early summer of the 1938 calendar year. In the estimate for 1939 this provision is extended to similarly cover the programs for the two years 1938 and 1939.

(5) To eliminate the provision making available \$5,000,000 in the calendar year 1937, out of funds appropriated under section 2 of the Independent Offices Appropriation Act of 1937, for compliances under the provisions of sections 7 to 17, inclusive, of the Soil Conservation and Domestic Allotment Act. This provision made additional funds available for a special wind-erosion control program which was developed in the spring of 1937 to meet an emergency situation arising in the dust bowl area. The general program had been announced before this emergency developed, and this special program was made possible only when Congress made these funds available for use in connection with the 1937 program. Since this special fund was set up to meet an emergency, the need for such a provision in 1939 does not exist.

WORK UNDER THIS APPROPRIATION

This appropriation is used for carrying into effect the Agricultural Conservation Program, which has for its objects (1) the preservation and improvement of soil; (2) promotion of the economic use and conservation of land; (3) diminution of exploitation and wasteful and unscientific use of natural soil resources; (4) the protection of rivers and harbors against the results of soil erosion to aid in maintaining the navigability of waters and water courses and in flood control; and (5) the reestablishment, at as rapid a rate

as is determined to be practicable and in the general public interest, of the ratio between the purchasing power of the net income per person on farms and that of the income per person not on farms that prevailed during the five-year period August 1909 to July 1914, inclusive, by making fair and reasonable payments or grants of other aid to agricultural producers, including tenants and share croppers measured by (a) their treatment or use of their land or a part thereof for soil restoration, soil conservation, or the prevention of erosion; (b) changes in the use of their land; and (c) a percentage of their normal production of any one or more designated agricultural commodities which equals that percentage of the normal national production of such commodity or commodities required for domestic consumption, by offering payments to those farmers who meet specified conditions for shifting land from soil-depleting crops to soil-conserving crops and for carrying out approved soil-building activities.

The funds provided by this appropriation are subject to allotment and transfer by the Secretary of Agriculture, pursuant to section 11 of the Soil Conservation and Domestic Allotment Act, approved February 29, 1936 (16 U.S.C. 590g-590q). Under this authority, as shown in the Budget schedules, allotments have been made to the Agricultural Adjustment Administration, which has been designated by the Secretary of Agriculture as the agency responsible for carrying into effect provisions of sections 7 to 17, inclusive, of the Soil Conservation and Domestic Allotment Act, and to a number of other bureaus within the Department of Agriculture and by transfer to other Government agencies which have been called upon in various ways to facilitate the agricultural conservation program.

The Agricultural Adjustment Administration, with its Washington and field organizations, is headed by an Administrator, who is responsible to the Secretary of Agriculture for all its activities.

For the administration of the agricultural conservation program, six regional divisions have been established, each under a director who is directly responsible for the administration of the program in the geographical area within his division. The regional headquarters offices are in Washington and each office with its necessary personnel forms a major division of the Administration with its headquarters setup.

Supplementing these regional or operating divisions are three other divisions, each with its director, which contribute to the general promotion of all lines of Agricultural Adjustment Administration activity. These are the Consumers' Counsel Division under the Consumers' Counsel, which handles all matters touching on the interests of consumers; the Program Planning Division, which conducts studies as the basis for scientific planning and long-time soil conservation and the coordination of programs into a sound, long-time system of land use; and the Information Division, which prepares and distributes information on the various activities of the Administration, prepares reports, handles correspondence, maintains a permanent record, and has charge of all printing.

The operation of the program in each State is usually through a State committee. This committee usually consists of five members appointed by the Secretary of Agriculture upon recommendation of the regional director with the approval of the Administrator. In general, farmers are members except

in certain States where one member of a State committee is either from the staff of the State Extension Service or is a representative of the State College of Agriculture.

These State committees advise on general policy within the States, and recommend the details of conservation and good farming practices to be included in the program, as well as changes in the programs; review recommendations of the County committees about soil-depleting bases and productivity indices for counties and recommend county limits; hear appeals of individual farmers from the decisions of the county appeals body; recommend time limits for filing work sheets and applications for payments; assign and enforce county quotas; handle the details of checking performance in connection with applications for payments; and approve county administrative expenses and development of new programs.

Each State office is in charge of a State Executive Officer who in some States is the chairman of the State committee. The State Executive Officer administers the program in the State in keeping with the policies of the State committee and the orders of the Regional Director. With the aid of his office force he examines base acreage, yield, and other data, keeps all material submitted by county committees, and has charge of personnel engaged in examining applications for grants and certifying them for payment. After applications have been certified for payment by the State offices they are forwarded to the General Accounting Office for pre-audit and thence to the disbursing office of the United States Treasury Department where checks for producers are made out and mailed. The aforementioned functions for the East Central and Northeast Divisions are performed in Washington.

The services of approximately 2,900 county agricultural conservation associations are employed to supplement the activities of State offices. The membership of these associations is made up of local farmers who are eligible to receive conservation payments.

As a rule, there is only one association in a county. There are, however, varying numbers of community units of the county association depending upon the size of the county and the amount of participation in the conservation program.

All members of the county association elect officers who are chosen from among their members except where otherwise provided for in the Articles of Association. There are about 100,000 community and county committeemen in the United States who receive compensation from the county associations on a per diem basis when actually employed.

In planning the agricultural conservation program the objectives of the Act and the type of program which could be developed under it are discussed with farmers at open meetings. Recommendations and suggestions of farmers and farm organization leaders who attend these meetings play an important part in determining the final content of the program.

Committees of representative farmers in 2,400 counties assist in the administration of the program.

The agricultural conservation program provides for (1) establishing base acreages for each farm; (2) defining the performance on which payments were based; (3) division of payments; (4) defining soil-depleting and soil-conserving crops; (5) local administration through employees selected by State, county, and community committees; and (6) the establishment, for administrative purposes, of five regional divisions corresponding with the five major agricultural areas that make up the United States.

A farm's base acreage for any crop or crops was established as the amount of land ordinarily planted on the farm to that crop or crops. Soil-depleting bases were established on each participating farm in order to provide a definite standard whereby to measure the extent of soil conservation and soil improvement on individual farms and to determine the amount to be paid to the individual farmers who cooperate. The base was arrived at through information given by the farmer to his county committee, which recommended bases for each farm, to be approved by the Secretary of Agriculture.

The soil-depleting base was defined as the total acreage in soil-depleting crops on the farm in 1935, modified to take care of unusual situations. Adjustments in bases were also made where a farm's soil-depleting or soil-conserving acreage was materially out of line with that of similar farms in the same locality.

To provide county committees with a guide showing the proportion of farm land formerly devoted to soil-depleting and soil-improving crops, the Administration established the ratio of soil-depleting acreage to all farm land or all crop land in each county. As a rule, the average of all bases established in the county could not exceed this ratio.

Crops were classified in two classes--soil-depleting and soil-conserving. Certain uses of land were classified as "neutral". The classifications were virtually uniform for a group of crops, but variations, based chiefly on recommendations of State committees, have been made in particular instances for the regions. In general, soil-depleting crops included the intensively cultivated row crops such as corn-cotton, and tobacco and the small grains such as wheat and oats; soil-conserving crops included grasses, legumes, and green-manure crops; and neutral land uses included vineyards, tree fruits, small fruits, nut trees, idle crop land, cultivated fallow land including clean-cultivated orchards and vineyards, wasteland, roads, lanes, yards, etc., and woodland other than that planted at owners' expense since 1933.

Insofar as administratively practicable, payments are made only for positive performance by farmers in improving and conserving farm land. Two types of payment were offered to cooperating farmers--a "soil-building payment" and a "soil-conserving payment".

The soil-building payments are made for seedings of soil-building crops on crop land, and for approved soil-building practices on crop land or pasture, at a rate within each State based upon recommendations of the State Committee and approved by the Secretary of Agriculture. A farmer could qualify for soil-building payments in a total amount equal to one dollar for each acre and farm in soil-conserving crops in 1936. An exception was made in the interest of small producers, who could qualify for payments up to ten dollars without regard to acreage limitations.

Soil-conserving payments for shifting acreage from soil-depleting to soil-conserving crops: Maximum limits on payments were established to protect the interests of consumers and for purposes of budget control. Rates were based upon estimates that 80 percent of farmers eligible would participate. Provisions were made for altering the rate by not to exceed 10 percent if participation fell short or exceeded the estimates. Deductions were made on a per-acre basis for acreage of soil-depleting crops in excess of the base acreage of such crops.

The rates of soil-conserving payments averaged ten dollars per acre for the United States for diversion from all soil-depleting crops except cotton, tobacco, peanuts, sugar beets, sugarcane for sugar, flax, and rice. This rate varied among States, counties, and individual farms in proportion to the variation of the productivity of the crop land used from the average productivity of all crop land in the United States.

Soil-conserving payments were divided generally on the basis of the share of each producer in the soil-depleting crops with respect to which the payment was made, although deviations were made for various crops and types of farms.

Soil-building payments were divided either on the basis of the contribution of the producers to the expense of carrying out soil-building practices or on the basis of the share of each producer in the principal soil-depleting crop produced on the farm.

Sixty-seven percent, or more than 286,000,000 acres, of the total crop land in the United States was covered by applications for payments under the 1936 agricultural conservation program. Approximately 3,000,000 applications for payment were filed. The total acreage diverted from soil-depleting bases to soil-conserving crops amounted to 31,440,000 acres, of which 9,444,000 acres were diverted from the cotton soil-depleting base, 392,000 acres were diverted from tobacco soil-depleting bases, 132,000 acres were diverted from peanut soil-depleting bases, and 21,475,000 were diverted from the general soil-depleting base. The general soil-depleting base included corn, wheat, oats, barley, rye, potatoes, and various other soil-depleting crops.

Soil-building practices were carried out on about 53,000,000 acres of land. New seedings of legumes and legume mixtures for which payment was made totaled more than 28,000,000 acres. Perennial grasses for pasture establishment were seeded on about 1,800,000 acres. Green-manure and cover crops were grown on nearly 14,000,000 acres. Limestone was applied on about 2,200,000 acres and superphosphate and other fertilizers were applied on approximately 1,000,000 acres of soil-conserving crops and pasture. About 728,000 acres were terraced, and contour listing, strip fallowing, and other mechanical erosion controls were put into effect on nearly 5,000,000 acres.

In the development of the 1937 program, now in effect, the general pattern is the same as for 1936. More emphasis has been placed upon soil building and a larger share of payments has been made available for soil-building practices. Provisions have been made more attractive to small producers, and the range program has been extended.

THE SUGAR ACT OF 1937ADMINISTRATION OF THE SUGAR ACT OF 1937, DEPARTMENT
OF AGRICULTURE

Appropriation, 1938 (Third Deficiency Appropriation Act, fiscal year 1937)	\$250,000 (a)
Budget Estimate, 1939	48,000,000
Increase	<u>47,750,000</u>

(a) The Sugar Act was not approved until September 1, 1937. The Third Deficiency Appropriation Act, 1937, provided \$250,000 to enable the performance of necessary preliminary functions under the Act during the fiscal year 1938.

PROJECT STATEMENT

Project	1937	1938 (Estimated)	1939 (Estimated)	Increase
Administration of the Sugar Act of 1937, including conditional payments to sugar growers.....	- - -	\$250,000	(1) \$48,000,000	+\$47,750,000(1)

(1) Section 502(a) of the Sugar Act (50 Stat. 903-916), approved September 1, 1937, authorizes an appropriation of not to exceed \$55,000,000 for each fiscal year for carrying out the purposes of this Act and for its administration. The estimate of \$48,000,000 is the amount needed to carry out the provisions of the Act for the fiscal year 1939, including the estimated sum of \$47,240,748 for conditional payments to sugar growers, as provided in Title III of the Act. (See this title under Agricultural Adjustment Administration).

CHANGES IN LANGUAGE

The language of this item as carried in the Third Deficiency Appropriation Act, fiscal year 1937, has been amended:

(1) To insert reference to the provisions of the Act under the direction of the Secretary of Agriculture by excluding those specifically relating to the Philippine Islands.

(2) To insert a provision for printing and binding and the employment of persons and means in the District of Columbia and elsewhere.

WORK UNDER THIS APPROPRIATION

This appropriation is used for the carrying into effect the provisions of the Sugar Act of 1937, approved September 1, 1937 (50 Stat. 903-916), which has for its objects:

(1) The establishment of quotas and allotments regulating the supply of sugar available for marketing in the continental United States from all sugar-producing areas supplying the United States market, which will (a) stabilize the price of sugar and maintain the domestic industry as a whole; (b) assure equitable prices to consumers; and (c) sustain or expand an export trade with countries marketing sugar in the United States.

(2) The making of conditional payments with respect to sugar or liquid sugar commercially recoverable from sugar beets or sugarcane grown on farms for the extraction of sugar, or liquid sugar conditioned upon (a) the elimination of child labor; (b) payment of fair and equitable wages to field laborers; (c) adjustment of the production of sugar beets and sugarcane on each farm to the amount required to provide that farm's proportionate share of the corresponding sugar market quota; (d) in the case of processor-growers, the payment to other growers from whom they purchase sugar beets and sugarcane of fair and reasonable prices for such sugar beets and sugarcane; and (e) the carrying out of approved farming practices for preserving and improving the fertility of the soil and for preventing soil erosion.

(3) The making of surveys and investigations to accomplish the purposes of the Act and also the making of recommendations in accordance therewith with respect to the terms and conditions of contracts between the producers and processors of sugar beets and sugarcane and the terms and conditions of contracts between laborers and producers of sugar beets and sugarcane.

The Agricultural Adjustment Administration has been designated by the Secretary of Agriculture as the agency responsible for carrying into effect the provisions of the Act.

The funds provided by this appropriation are subject to allotment and transfer by the Secretary of Agriculture pursuant to section 502(b) of the Sugar Act of 1937. Under this authority, allotments as shown in the Budget have been made to the Agricultural Adjustment Administration and to other Government agencies which have been called upon to facilitate the sugar program.

INTERNATIONAL PRODUCTION CONTROL COMMITTEES

This item continues the authority in the 1938 Agricultural Appropriation Act, as amended by the Third Deficiency Appropriation Act, 1937, enabling the Secretary of Agriculture to utilize funds available to the Agricultural Adjustment Administration to cover United States membership expenses of the International Wheat Advisory Committee or like events or bodies concerned with the reduction of agricultural surpluses, etc. It also raises the authorization from \$10,000 (it was increased to this amount for the fiscal year 1938 by the Third Deficiency Appropriation Act, 1937) to \$17,500, and provides for the share of the United States in the membership expenses of the International Sugar Council.

The \$17,500 will provide \$10,500 for the contribution of the United States as a member of the International Sugar Council, \$4,000 for the annual contribution of the United States as a member of the International Wheat Advisory Committee, and a balance of \$3,000 as a reserve for contingencies, including such items as the expenses of delegations to the International Sugar Council and the International Wheat Advisory Committee and of the members of the executive committee to be established under the International Sugar Agreement.

The amount estimated to be allocated under this authorization for expenses of United States membership in the International Sugar Council (\$10,500) is necessary in order to pay this country's share in the cost of administering the international agreement regarding the regulation of production and marketing of sugar and also to defray traveling and other expenses of the United States in connection with its participation in said agreement. Contributions of each contracting government toward the expenses of administering the agreements are provided for therein. Under the terms of the agreement the United States will be required to contribute approximately \$10,500 annually toward the expenses of administering the agreement, which consist of salaries of the chairman, secretary, and staff, office rent, stationery, and office supplies, trade journals, traveling expenses, etc.

International Wheat Advisory Committee

On the invitation of the Economic Committee of the League of Nations, representatives of the governments of Argentina, Australia, Canada, and the United States met in Geneva on May 10, 1933, to explore the wheat problem. On July 5, 1933, they adopted a tentative policy of temporary adjustment of production and trade to world demand with a view to improving the price of wheat and liquidating the surplus stocks overhanging the market. On August 25, 1933, an understanding was reached whereby the wheat importing countries agreed to cease efforts to increase acreages of wheat and agreed to encourage expansion of wheat consumption by gradually doing away with the restrictive measures which have made bread poor and unpalatable, etc; relax their quotas and other special measures to restrict exports, and make a start toward reducing import tariffs. The exporting countries agreed to restrict exports the first season to what world markets would take; this

to be done through a series of export quotas; agreed that the four overseas exporting countries in 1934 would strive to reduce their production by 15 percent below their previous averages and would restrict exports in line with estimated reduction in production. The agreement set up a Wheat Advisory Committee which was to meet from time to time.

The first meeting of the Committee was held September 19, 1933; the second November 28, 1933; the third January 22-February 2, 1934. The fourth meeting was held in Rome April 5-17, 1934, and in London, May 7-11, 1934. At the fifth meeting in August, 1934, the Committee's secretary was instructed to forward proposed amendments to the wheat agreement to signatory countries. The sixth meeting was held at Budapest on November 20-27, 1934. It was agreed there that the exporting countries should come to a determination with regard to quotas, etc., before the next meeting. An informal meeting of exporting countries was held in March, 1935, but no agreement was reached.

The seventh meeting of the Wheat Advisory Committee was held in London in May, 1935, and an agreement was reached to acquiesce to the French request that they be allowed to export as millable wheat the bulk of that which had been understood as available for them to export in denatured form; and to continue the framework of the Committee for a further year.

The eighth session of the Committee was held July, 1936, at London. Seventeen countries agreed to continue activities and to maintain a secretariat. Argentina declined and Spain withheld stating her position. The secretariat was instructed to continue preparing periodic reviews of the wheat situation, to investigate the further possibilities of increased use of wheat, and to prepare a survey of the world wheat situation covering fundamental economic and social factors affecting production, consumption, trade, technical aspects of cultivation, government interventions in the form of price control, direct and indirect subsidies, tariffs, etc.

A meeting of the International Wheat Advisory Committee is planned for the coming summer (1938) for the interchange of information with regard to the production of wheat. Despite the fact that restriction of production and regulation of exports under the Committee are inoperative for the present, continued cooperation of the United States with the Committee is considered of great value.

International Sugar Council

Pursuant to a resolution of the World Monetary and Economic Conference (London, 1933), the International Sugar Conference met in London on April 5, 1937, summoned by the Secretary General of the League of Nations. The essential purpose of the conference was to secure an international agreement for the maintenance of a reasonable balance between sugar supply and demand on the world market by undertakings being given (a) on the part of those countries which do not at present export to the free market (whether they import or are self-sufficient or export to a

preferential market), that they will regulate their production or exports so as to maintain the free market at as high a figure as possible; (b) on the part of countries supplying the free market, that they will regulate their exports so as to keep supplies at a level appropriate to the probable demand; and (c) on the part of all countries that, if and when prices on the free market rise to an economic level, they will do what is possible to adjust protective duties, subsidies, etc., so as to prevent their internal prices rising to a point which would check consumption and stimulate new production.

An agreement embodying the above undertakings was submitted and signed on May 6, 1937, by the representatives of the cooperating nations.

A permanent organization was set up comprising an International Sugar Council, an Executive Committee, and a Secretariat. The International Sugar Council is composed of not more than three delegates from each contracting nation and, under the agreement, will meet at least once a year.

EXPORTATION AND DOMESTIC CONSUMPTION OF AGRICUL-
TURAL COMMODITIES, DEPARTMENT OF AGRICULTURE
 (Section 32, Act of August 24, 1935)

Appropriation, 1938.	\$125,097,214
Budget Estimate, 1939.	<u>147,000,000</u>
Increase	<u>21,902,786</u>

This is a permanent appropriation made by Section 32 of the Act approved August 24, 1935 (7 U.S.C. 612c), which makes available for the purposes of that section each fiscal year an amount equal to 30 percent of the customs receipts of the preceding calendar year.

PROJECT STATEMENT

Projects	1937	1938 (Estimated)	1939 (Estimated)	Increase or decrease
Programs of Agricultural Adjustment Administration to encourage exportation and domestic consumption of agricultural products by diversion of agricultural commodities and products thereof.....	\$16,161,069	\$9,405,167	\$13,405,167	+\$4,000,000(1)
Administrative expenses.....	(2)	570,273	570,273	- - -
Total.....	16,161,069	9,975,440	13,975,440	+ 4,000,000
Transferred to:				
Federal Surplus Commodities Corporation:				
For purchase, processing, storage, handling, transportation, and distribution of surplus agricultural commodities.....	- - -	+18,494,833	+14,453,965	- 4,040,868
Administrative expenses.....	- - -	+ 503,167	+ 546,035	+ 40,868
Total, transferred to F. S. C. C.	- - -	+19,000,000	+15,000,000	- 4,000,000
"Conservation and Use of Agricultural Land Resources, Department of Agriculture," pursuant to Agricultural Appropriation Act, 1938.....	+92,978,552	+17,021,448	- - -	-17,021,448

Projects	1937	1938 (Estimated)	1939 (Estimated)	Increase or Decrease
<u>Transfers - Continued.</u>				
"Exportation and Domestic Consumption of Agricultural Commodities (<u>Cotton Price Adjustment</u>)," pursuant to Third Deficiency Appropriation Act, fiscal year 1937.....	- - -	+\$65,000,000	+\$65,000,000	- - -
Bureau of Home Economics: For tests and surplus commodity utilization investigations.....	- - -	+ 3,500	+ 3,500	- - -
Office of Solicitor, for legal services.....	- - -	+ 21,060	+ 21,060	- - -
Reserve.....	- - -	+ 14,075,766	+ 53,000,000	+38,924,234
Total appropriation....	109,139,621	125,097,214	147,000,000	+21,902,786(3)

(1) The apparent increase in the amount estimated for 1939 by the Agricultural Adjustment Administration is offset by a reduction in the estimated amount to be transferred to the Federal Surplus Commodities Corporation. No advance schedule of programs to be undertaken in 1939 can be formulated because of practical difficulties in forecasting commodity market emergencies, their extent, the effect of present programs, and the rapidly changing supply conditions primarily due to weather and other natural hazards. It is believed, however, that the activities or programs during 1939 will in the aggregate approximate the amount expended during 1938.

(2) In the absence of legislation making section 32 funds available for carrying its own administrative expense charges during 1937, administrative expenses were paid from the \$100,000,000 appropriation provided by section 12(a) of the Agricultural Adjustment Act. Authority was obtained from Congress in the Agricultural Appropriation Act to utilize section 32 funds for administrative expenses in 1938.

(3) Section 32 of the Act of August 24, 1935, provides that an amount equal to 30 percent of the customs receipts of the preceding calendar year shall be available for the purposes of that section during each fiscal year. The increase of \$21,902,786 estimated for 1939 is due to an estimated increase in customs receipts during the calendar year 1937.

Up to January 1, 1938, programs have been approved involving estimated obligations of \$29,000,000 during the fiscal year 1938, of which \$19,000,000 has been transferred to the Federal Surplus Commodities Corporation for the purchase of surplus commodities under Agricultural Adjustment Administration programs and then distributed to relief agencies. These programs, including the direct expenditures of the Agricultural Adjustment Administration and the funds transferred to the Corporation, involve the diversion to byproducts of cotton products, peanuts, walnuts, dried and fresh fruits, miscellaneous vegetables, and tobacco; the encouragement of the exportation of Northwest flour, tobacco, and nuts; and the purchase for donations to relief agencies of dairy and poultry products, miscellaneous fruits, vegetables, grain, and cotton products.

WORK UNDER THIS APPROPRIATION

Under this appropriation programs have been formulated (1) to encourage the exportation of agricultural commodities and products thereof by the payment of benefits in connection with the exportation thereof or of indemnities for losses incurred in connection with such exportation or by payments to producers in connection with the production of that part of any agricultural commodity required for domestic consumption; (2) to encourage the domestic consumption of such commodities or products by diverting them, through the payment of benefits or indemnities or by other means, from the normal channels of trade and commerce; and (3) to reestablish farmers' purchasing power by making payments in connection with the normal production of any agricultural commodity for domestic consumption.

The administration of these programs is handled by the Marketing and Marketing Agreements Division of the Agricultural Adjustment Administration. This Division administers the marketing control phase of the Agricultural Adjustment Act approved May 12, 1933, which was not affected by the decision of the Supreme Court.

Unregulated competitive shipment of certain agricultural products such as fruits, vegetables, nuts, milk, and truck crops means that oversupplies follow scarcities on the same market from day to day. When the market is oversupplied prices drop to the point at which the grower may not obtain a return sufficient even to pay his marketing costs, let alone his producing cost. The glut may be so great that the goods cannot be sold even at ruinously low prices and are completely wasted.

Too small a supply, on the other hand, brings a wide swing and a sudden and unreasonable increase in the prices the consumer pays. This tends to discourage consumer demand for the products concerned. In the long run the consumer who is assured of a steady supply of farm goods at uniform prices is better off than if he profits temporarily by low prices that injure producers and then has to pay extremely high prices when the supply is inadequate.

Marketing costs are relatively inflexible. Packaging, freight, and similar charges are about the same, per unit of produce marketed, regardless of the price that the produce brings. When the price falls too low

the grower has little or nothing remaining when the marketing costs are paid. When prices are too high the consumer is unable to purchase the same volume of goods that he would purchase if prices were reasonable.

Stabilizing supplies and prices at a balanced level benefits both grower and consumer and prevents waste of the product. This stabilization through adjustment of shipments to market demand has been the principal objective of marketing programs undertaken through cooperative group action by producers over a period of more than twenty years. Experience has demonstrated that with proper adjustment of shipments to demand it is possible to market a greater quantity of a given product over a marketing season at a fair price to consumers, yet more remunerative to growers than if the crop is dumped on the market without regulation and without regard to what the market can take at a given time.

Stabilizing supplies and prices and avoiding waste by balancing shipments to demand has been the fundamental principle of marketing programs carried on by this Administration.

In recent years it has been demonstrated that for certain agricultural industries market expansion and surplus removal programs are the most practical means of supplementing the efforts of producers and their marketing organizations to prevent excess supplies of farm products from leading to farm-price collapses, waste of supplies, and eventually to unemployment in the cities.

In order to utilize surpluses of farm products and yet dispose of them in such manner that disastrous farm-price reductions would be avoided, agricultural legislation enacted since March, 1933, has vested in the Secretary of Agriculture powers for bringing about the "expansion of markets and removal of surplus agricultural products".

Three types of surplus removal programs have been in effect: (1) those for encouraging increased domestic and export demand for farm products; (2) those for diverting such commodities into new, or byproduct, or low-value uses; and (3) those for diverting such products from normal trade channels by purchasing them for relief distribution.

The most important surplus diversion program for encouraging increased domestic and export demand was the 1935 cotton-price adjustment plan put into effect in August, 1935.

Other programs have been formulated to encourage the exportation of agricultural commodities under the provisions of section 32 of the Act of Aug. 24, 1935, amending the Agricultural Adjustment Act.

A number of programs have been considered in addition to those which were put into effect. In many instances a careful analysis of the proposals in conference with their proponents indicated that export subsidies would not be effective in regaining lost foreign markets or expanding existing or new ones, and that in some instances such subsidies might seriously endanger existing foreign outlets, some of which have been expanding as a result of the trade agreement program.

Programs for removing surpluses by finding and developing new foreign and domestic outlets and uses have been operated for the most part through agreements between agricultural groups and the Secretary of Agriculture. Under these agreements the agricultural groups have been authorized to acquire specified quantities of surplus commodities at stipulated prices and to divert these supplies to new outlets or uses. The difference between the cost of the commodity to the agricultural group, plus incidental handling costs, and the selling price for diversion uses has been paid from Section 32 funds.

Surplus diversion programs of this type which have been in operation include the exportation of Northwest flour to the Philippines and of dark types of tobacco to the European countries; and the diversion of tobacco into nicotine, cotton products into experimental uses and road building materials, potatoes into starch and livestock feed and peanuts into oil. Such programs have also been in operation for pears, prunes, dates, raisins, pecans, walnuts, apples, hops, and sweet potatoes.

In some instances, particularly those involving perishable agricultural commodities in which emergency conditions have developed suddenly, it was found that the above-mentioned methods of encouraging domestic consumption by the payment of indemnities were not well adapted to the problems involved. In such cases it has been found feasible to remove surpluses through direct purchases by the Government for relief distribution. In these instances the Secretary of Agriculture directs the Federal Surplus Commodities Corporation to procure the commodity pursuant to the authority given him by the Act of June 28, 1937 (Public No. 165, 75th Congress). In this manner a wide variety of surplus products, including fruit, vegetables, grains, eggs, dairy products, and cotton goods have been rapidly removed from the normal channels of trade and commerce.

Experience in handling special problems of rapid procurement and distribution has enabled the Federal Surplus Commodities Corporation to deal effectively with perishable commodities and emergency conditions. Careful planning of operations and constant simplification of procedures and organization have overcome hampering technicalities and difficulties. The Corporation has functioned as a complete operating and administrative unit, under the direction of the Secretary, in procuring surplus commodities, arranging for their immediate transportation and distribution to the States on a carlot basis or for their processing when necessary, and in providing for auditing, accounting, and paying expenses.

The principal objective of the surplus removal programs involving purchases for relief use has been to carry benefits directly to producers. Various methods of procurement have been employed by the Corporation in order to obtain the most effective results.

In recent programs, for example, it has been found most effective for the purposes in view to purchase butter and eggs on the produce exchanges; to purchase grapefruit and other fruits and vegetables at country shipping point, f.o.b. cars, buying from shippers at a specified price per unit, with the requirement that the producer receive so much per unit; and to purchase certain miscellaneous products, such as sugarcane sirup, directly from producers. Dry skim milk and cheese have, on the other hand, been

bought on the basis of competitive bids submitted in accordance with usual governmental practice. The nature of the commodity and the established marketing machinery, the competitive situation in the industry, the inventory position of handlers at a particular time, the extent of organization among producers, and other factors, all have been considered in determining the procedure of procurement to be followed.

The procedure best adapted to a particular objective, such as the removal of price-depressing surpluses or the diversion of particular quantities or qualities of products, has been found less expensive to the Government when measured in terms of the total cost of the program than were procedures based upon the traditional exclusive use of competitive bids.

Timeliness has been essential in many of these programs, as has reasonable promptness in making payments. In some instances it has been found much cheaper to prevent demoralization of a market by timely and substantial purchases than to attempt improvement after a decline has occurred. Prompt payments have been necessary in order to avoid dissatisfaction among producers and handlers or even loss of confidence in the entire program.

Because of the highly perishable nature of most of the commodities obtained in connection with surplus removal programs, it has been necessary for the products to move quickly, directly, and in carlots from the point of procurement to the point of distribution. State relief agencies have had to take immediate possession of the commodities and distribute them to the needy and unemployed on relief rolls expeditiously. Methods have been developed to reduce inventory and spoilage losses to a minimum.

Surplus farm products purchased by the Corporation have come from every important producing area in the United States and have been distributed for relief use in all the States.

AGRICULTURAL ADJUSTMENT ADMINISTRATION

(a) CONSERVATION AND USE OF AGRICULTURAL LAND RESOURCES, DE-
PARTMENT OF AGRICULTURE

This is the Budget schedule covering allotments to the Agricultural Adjustment Administration from the appropriation under this heading. The appropriation is discussed in its entirety in the notes under the caption "Conservation and Use of Agricultural Land Resources, Department of Agriculture."

(b) CONSERVATION AND USE OF AGRICULTURAL LAND RESOURCES,
DEPARTMENT OF AGRICULTURE (PRELIMINARY CONSERVATION
PAYMENTS)

This is the Budget Schedule covering the allotment to the Agricultural Adjustment Administration to carry out the provision making available \$5,000,000 for compliances in the calendar year 1937 out of funds appropriated under section 2 of the Independent Offices Appropriation Act of 1937. This provision made available additional funds for a special wind-erosion control program which was developed in the spring of 1937 to meet an emergency situation in the dust bowl area. The general soil-conservation program had been planned and announced before the dust-bowl emergency developed, thereby necessitating special legislation to make these additional funds available.

(c) ADMINISTRATION OF THE SUGAR ACT OF 1937, DEPARTMENT
OF AGRICULTURE

This is the Budget schedule covering allotments from the appropriation under this heading. The appropriation is discussed in its entirety in the notes under the caption "Administration of Sugar Act of 1937, Department of Agriculture".

(d) EXPORTATION AND DOMESTIC CONSUMPTION OF AGRICULTURAL
COMMODITIES, DEPARTMENT OF AGRICULTURE

This is the Budget schedule covering allotments to the Agricultural Adjustment Administration from the appropriation under this heading. The appropriation is discussed in its entirety in the notes under the caption "Exportation and Domestic Consumption of Agricultural Commodities, Department of Agriculture".

(e) EXPORTATION AND DOMESTIC CONSUMPTION OF AGRICULTURAL
COMMODITIES, DEPARTMENT OF AGRICULTURE (COTTON PRICE
ADJUSTMENT)

This is the Budget schedule covering allotments to the Agricultural Adjustment Administration and transfers to other Government agencies to complete the activities under the provisions of the 1935 Cotton Price Adjustment plan.

The Supplemental Appropriation Act of February 11, 1936, authorized the use of "so much as may be necessary of the amount appropriated for the fiscal year ending June 30, 1936, by Section 32 of the Act of August 24, 1935," to be available until expended, for making the payments provided for in the 1935 Cotton Price Adjustment Plan, except that the provisions of said plan which conditioned the making of payments upon the producer's undertaking to cooperate in the 1936 Cotton Adjustment Program formulated under the Agricultural Adjustment Act shall be of no force and effect, and to pay necessary administrative expenses incurred and to be incurred in connection with the making and auditing of payments. The amount set aside for this purpose out of the \$92,111,741 provided in 1936 by Sec. 32 of the Act of Aug. 24, 1935 was \$43,000,000. Of this sum, \$32,204,476 was obligated in 1936, \$10,407,440 in 1937 and \$99,220 estimated for 1938, leaving an unobligated balance of \$288,864.

This program was initiated prior to the Supreme Court decision (U.S. vs. Butler) and, because of its condition that the producer undertake to cooperate in the 1936 Cotton Adjustment Program which became invalid by the Supreme Court decision, the above legislation was necessary to carry out the program initiated.

The purpose of this program was to offset a reduction in returns to growers that might result when the cotton loan rate for the 1935 crop was reduced to ten cents. This payment enabled the growers to sell their cotton at current market prices and still obtain a return close to twelve cents a pound.

The conditions of this adjustment payment were that growers who had cooperated in the 1935 acreage adjustment program or who agreed to cooperate in the 1936 program would receive on all cotton sold, not in excess of their allotments under the Bankhead Cotton Act, an amount equal to the difference between twelve cents and the average price on the ten designated spot markets on the day they sold their cotton. However, such payments were not to exceed two cents per pound.

(f) EXPORTATION AND DOMESTIC CONSUMPTION OF AGRICULTURAL COMMODITIES, DEPARTMENT OF AGRICULTURE (PRICE ADJUSTMENT PAYMENTS TO COTTON PRODUCERS)*

This is the Budget schedule covering allotments to the Agricultural Adjustment Administration and other agencies in connection with price adjustment payments to cotton producers.

The Third Deficiency Appropriation Act of 1937 made available not to exceed \$65,000,000 of the funds available under section 32 of the Act of August 24, 1935, in each of the fiscal years 1938 and 1939, to be available until expended, for a price adjustment payment with respect to the 1937 cotton crop to cotton producers who have complied with the provisions of the 1938 agricultural-adjustment program formulated under legislation contemplated by Senate Joint Resolution No. 207, 75th Congress.

* Subtitle inadvertently reported in the 1939 Budget (page 283) as "Administrative Expenses, Cotton Program."

Payments to producers are to be at a rate per pound equal to the difference between twelve cents per pound and the average price of seven-eighths middling cotton on the ten designated spot cotton markets on the dates of sale of such cotton, but in no case to exceed three cents per pound.

This payment will enable the growers to sell their cotton at current market prices and obtain a return of approximately twelve cents per pound on that portion of their sales from the 1937 crop which is eligible for the payments.

(g) PAYMENTS FOR AGRICULTURAL ADJUSTMENT,
DEPARTMENT OF AGRICULTURE

The Supplemental Appropriation Act of 1936 appropriated, to be available until expended, \$296,185,000 to meet all obligations and commitments, including salaries and administrative expenses theretofore incurred or to be incurred and rental and benefit payments in connection with adjustment contracts entered into prior to January 6, 1936, in which partial performance had been effected by the farmers and where applications for contracts were made prior to January 6, 1936, by farmers who had in good faith made adjustments in acreage and otherwise substantially complied with the requirements in connection with a crop program, regardless of whether contracts had been signed. This appropriation was necessary to complete the liquidation of moral obligations incurred under the production adjustment programs which were initiated under the authority contained in section 12(b) of the Agricultural Adjustment Act and which were invalidated by the Supreme Court decision (U. S. vs. Butler).

The obligations and commitments under funds allocated directly to the Agricultural Adjustment Administration include rental and benefit payments with respect to cotton, wheat, corn, hogs, tobacco, sugar, peanuts, rice, and rye; the completion of programs for the removal of surplus wheat, hogs, and peanuts; and administrative expenses, including salaries, incurred in connection with the production adjustment programs.

Obligations for 1937 and 1938 under the 1937 balance available from this fund (\$135,446,011) are set forth in the following project statement:

PROJECT STATEMENT

Projects	1937	1938 (Estimated)
<u>Obligated as follows:</u>		
Agricultural rental and benefit payments	\$89,037,472	\$3,472,575
Removal of surplus agricultural products.....	89,799	- - -
Administrative expenses:		
Agricultural Adjustment Administration.....	3,535,764	156,904
Transferred to:		
Extension Service	232,525	145,000
General Accounting Office	479	24,521
Office of the Treasurer (Treasury Department).....	- - -	1,000
Total, as above	92,896,039	3,800,000
1936 appropriation available in 1937	-135,446,011	- - -
1937 unobligated balance available in 1938.....	42,549,972	-42,549,972
1938 Estimated unobligated balance to be transferred to "Conservation and use of agricultural land resources" under the provisions of the Budget estimate for 1939 (reappropriation)	- - -	38,749,972
Total	- - -	- - -

(h) PAYMENTS FOR AGRICULTURAL ADJUSTMENT (PAYMENTS
UNDER TOBACCO, COTTON, AND POTATO ACTS), DEPART-
MENT OF AGRICULTURE, 1936 - SEPTEMBER 1, 1936

The Act of March 14, 1936 (49 Stat. 1163), provided that so much as may be necessary, not to exceed \$1,026,000 of the \$296,185,000 appropriated by the Supplemental Appropriation Act, 1936, shall be available until September 1, 1936, for the redemption of tax-payment warrants under the Kerr Tobacco Act and for salaries and administrative expenses incurred on or before February 10, 1936, under the Kerr Tobacco Act, the Bankhead Cotton Act, and the Potato Act, which were repealed by the Act of February 10, 1936 (49 Stat. 1106); and also for the payment of such salaries and administrative expenses as may be incurred after February 10, 1936, as the Secretary of Agriculture and the Commissioner of Internal Revenue may deem necessary in order to expeditiously complete and preserve all the administrative records showing the various transactions and activities involved in the administration of the aforesaid Acts, and, if no other funds are available, for salary and administrative expenses incurred on or before February 10, 1936, and thereafter for the purpose of completing the work relating to and liquidating, as soon as may be, the operation of the several cotton tax-exemption certificate pools established pursuant to regulations prescribed under the Bankhead Cotton Act.

Of the \$210,325 under this appropriation remaining available for 1937, \$20,991 was obligated in that fiscal year for the redemption of tax-payment warrants and \$22,351 for administrative expenses in connection with the liquidation of activities under the Kerr-Smith Tobacco Act, the Bankhead Cotton Act, and the Potato Act; leaving an unobligated balance of \$166,987.

WORK UNDER THIS APPROPRIATION

Because of the Supreme Court decision (U.S. vs. Butler) further work in connection with the Bankhead Cotton Act of 1934, the Kerr Tobacco Act and the Potato Act of 1935, was not deemed feasible or practicable. Accordingly, these Acts were repealed. In order to complete the work relating to and liquidating the activities of such acts and the several cotton tax-exemption certificate pools in connection therewith an amount not to exceed \$1,026,000 was appropriated to be available until September 1, 1936, out of the appropriation "Payments for Agricultural Adjustment, Department of Agriculture" for the redemption of tax-payment warrants as provided in the Kerr Tobacco Act, including administrative expenses necessary therefor; for salaries and administrative expenses incurred on or before February 10, 1936, under the repealed acts except that in the operation of the several cotton tax-exemption certificate pools, salaries and administrative expenses incurred on or before February 10, 1936, were to be paid from this appropriation only if no other funds were available, and for such salaries and administrative expenses as may thereafter be necessary.

(i) PAYMENTS FOR AGRICULTURAL ADJUSTMENT (ADMINISTRATIVE EXPENSES, PURCHASE AND SALE OF SEED), DEPARTMENT OF AGRICULTURE, 1936 - SEPTEMBER 1, 1936

The Act of March 14, 1936 (49 Stat. 1163), provided that so much as may be necessary, not to exceed \$42,825 of the \$296,185,000 appropriated by the Supplemental Appropriation Act, 1936, should be available until September 1, 1936, to complete the work of auditing vouchers and payment of freight bills in transactions entered into by the Secretary of Agriculture in connection with the purchase and sale of seed under the allocations to the Secretary of Agriculture authorizing the purchase and sale of seed for drought relief purposes made pursuant to the Emergency Appropriation Act, fiscal year 1935. The work of auditing these bills for payment was completed by September 1, 1936. Of the \$32,930 available in 1937 under this appropriation, \$7,819 was obligated in that fiscal year for administrative expenses in connection with liquidating activities under the seed purchase program conducted under allotment for "Loans and Relief in Stricken Agricultural Areas", and \$25,111 remained unobligated.

(j) SALARIES AND EXPENSES, AGRICULTURAL ADJUSTMENT ADMINISTRATION

Section 12(a), title I, of the Agricultural Adjustment Act appropriated, to be available until expended, \$100,000,000 for administrative expenses under that title and for payments authorized to be made under section 8.

Up to the fiscal year 1939 expenditures from this appropriation have been entirely for administrative expenses except for payments to cotton ginneries authorized by section 3 of the Act of May 15, 1935 (49 Stat. 1352). The only expenditures other than the amount transferred to "Conservation and Use of Agricultural Land Resources, Department of Agriculture", during the fiscal year 1939 will be for administrative expenses in connection with the formulation and administration of marketing agreements.

A list of the obligations incurred under this fund appears in the following statement:

Obligations, by fiscal years, under \$100,000,000 appropriation provided
by Sec. 12(a) of Agricultural Adjustment Act of May 12, 1933

Projects	Obligations					1939 (Est.)
	1934	1935	1936	1937	1938 (Est.)	
A.A.A. Administrative Expenses:						
General administration.....	---	\$1,580,120	\$1,888,190	\$1,412,826	\$122,715	\$13,450
Marketing agreements.....	---	1,341,308	1,163,404	501,453	665,895	665,895
Protecting consumers' interests.....	---	183,757	166,147	156,284	41,500	41,500
Program planning.....	---	555,168	229,109	164,729	---	---
Information service.....	---	413,113	467,490	373,905	---	---
Headquarters, administration of agricultural conservation program.....	---	---	17,646	906,376	---	---
Administration of commodity pur- chase program.....	---	---	---	793,096	---	---
Total, A.A.A. Administrative expenses.....	\$2,519,158*	4,073,466	3,931,986	4,308,669	830,110	720,845
Allotments for Administrative Ex- penses incurred by cooperating bureaus of Department of Agri- culture:						
Office of Secretary.....	---	228,854	353,026	25,000	---	---
Office of Solicitor.....	---	608,746	451,955	268,217	123,660	123,660
Office of Information.....	---	2,454	14,490	---	---	---
Library.....	648	1,317	4,128	3,240	---	---
Extension Service.....	6,516	14,000	8,400	11,640	8,500	8,500
Bureau of Animal Industry.....	---	---	975	---	---	---
Bureau of Plant Industry.....	1,832	---	---	---	---	---
Bureau of Agricultural Economics.....	47,226	117,553	213,786	95,097	88,000	88,000
Bureau of Home Economics.....	---	1,986	---	---	---	---
Total, Administrative expenses by cooperating bureaus of Agriculture.....	56,222	974,910	1,046,760	403,194	220,160	220,160
Allotments for Administrative Ex- penses incurred by other cooper- ating Government agencies:						
Federal Trade Commission.....	5,000	---	---	---	---	---

Obligations, by fiscal years, under \$100,000,000 appropriation provided by Sec. 12(a) of Agricultural Adjustment Act of May 12, 1933 (Contd.)

Projects	Obligations				
	1934	1935	1936	1937	1938(Est.) 1939(Est.)
Allotments for Administrative Expenses incurred by other cooperating Government agencies: Contd.					
Department of Commerce (Census Bureau)	---	---	\$6,463	---	---
Department of Justice	---	---	71,419	\$5,100	---
Department of Labor (Bureau of Labor Statistics)					---
Treasury Department (general administration)	\$6,024	\$5,766	4,486	---	---
Treasury Department (Division of Disbursement)	---	---	3,000,000	---	---
Treasury Department (Office of Treasurer, U.S.)	1,404	---	---	---	---
Total, administrative expense by other cooperating Government agencies	---	---	---	12,500	---
Payments to cotton ginneries (sec. 40, Act of August 24, 1935 (49 Stat. 777-778), and Act of Feb. 11, 1936 (49 Stat. 1116))	12,428	5,766	3,082,368	17,600	---
Reappropriations:				2,532,350	---
"International Wheat Advisory and International Production Control Committees", as authorized by Agricultural Appropriation Acts.	---	---	---	4,021	\$10,000
"Tobacco compacts and agreements among States" (7 U.S.C., Supp. II, 515-515k)	---	---	---	300,000	---
"Marketing agreements, hog-cholera virus and serum", Bureau of Animal Industry (49 Stat. 1617)	---	---	---	13,149	30,000

Obligations, by fiscal years, under \$100,000,000 appropriation provided by Sec. 12(a) of Agricultural Adjustment Act of May 12, 1933 (Contd.)

Projects	Obligations					
	1934	1935	1936	1937	1938(Est.)	1939(Est.)
Reappropriations: (contd.)						
"Sixth World's Poultry Congress" (49 Stat. 1568).....	---	---	---	\$11,459	---	---
"Soil survey of the Hawaiian Islands", Bureau of Chemistry and Soils (49 Stat. 1617).....	---	---	---	13,540	---	---
"Conservation and Use of Agricultural Land Resources, Department of Agriculture".....	---	---	---	---	---	---
Total reappropriated.....	---	---	---	---	\$50,000,000(a)	\$21,250,028(a)
Total obligations.....	\$2,587,808	\$5,054,142	\$8,061,114	342,169	50,040,000	21,297,528
1933 appropriation obligated 1933 and 1934.....	-2,587,808(b)	---	---	---	---	---
1933 appropriation obligated 1935....	---	-5,054,142	---	---	---	+2,587,808
1933 appropriation obligated 1936....	---	---	-8,061,114	---	---	+5,054,142
1933 appropriation obligated 1937....	---	---	---	-7,603,982	---	+8,061,114
1933 appropriation obligated 1938....	---	---	---	---	-51,090,270	+7,603,982
Unobligated balance	---	---	---	---	---	+51,090,270
Total appropriation.....	---	---	---	---	---	+3,364,151
						100,000,000

(a) The \$50,000,000 for 1938 has been placed in reserve, and, together with the \$21,250,028 for 1939, is estimated as the amount to be available from this appropriation ("Salaries and Expenses, Agricultural Adjustment Administration") toward the \$440,000,000 estimated for 1939 under the heading "Conservation and Use of Agricultural Land Resources".

(b) Includes \$17,374 obligated in 1933.

* No project breakdown available under this item for 1934.

WORK UNDER THIS APPROPRIATION

This appropriation was provided by section 12(a) of the Agricultural Adjustment Act, to be available until expended, for administrative expenses under Title I and for payments authorized to be made under section 8.

The obligations which it is anticipated will be incurred under this appropriation during the fiscal year 1939 will be (1) those for administrative expenses in connection with activities of the Agricultural Adjustment Administration not affected by the Supreme Court decision (U. S. vs. Butler), including amounts transferred to cooperating agencies (\$988,505); and (2) \$21,250,028 transferred to "Conservation and use of agricultural land resources" as part of a total reappropriation of \$110,000,000 from unobligated balances of A.A.A. funds to be applied for payments to agricultural producers cooperating in the agricultural conservation program; or a total of \$22,238,533.

The principal activity of the Agricultural Adjustment Administration currently being financed from this appropriation includes administrative supervision, formulation and administration of marketing agreements, and administrative expenses incident to the determination of sugar quotas as provided by the Jones Costigan Sugar Act up to the time of passage of the Sugar Act of 1937.

(k) TOBACCO COMPACTS AND AGREEMENTS AMONG STATES (TRANSFER FROM SALARIES AND EXPENSES, AGRICULTURAL ADJUSTMENT ADMINISTRATION 1936-1938)

The First Deficiency Appropriation Act, fiscal year 1936, authorized the use of \$300,000 of the funds appropriated by section 12(a), Title I, of the Act of May 12, 1933, as amended (7 U.S.C. Supp. I, sec. 612), to remain available until June 30, 1938, to carry into effect the provisions of the Act approved April 25, 1936 (7 U.S.C. 612), entitled "An Act relating to compacts and agreements among States in which tobacco is produced providing for the control of production of, or commerce in, tobacco in such States, and for other purposes".

Funds were authorized to be used (1) to make advances to State commissions to cover administrative expenses incurred in the operation of compacts and of the State laws enacted pursuant to the Tobacco Compact Act; (2) to make loans to an association of producers operating in 1936 in the Georgia-Florida tobacco belt in connection with a program for stabilizing the marketing of tobacco in the belt in a manner similar to that which would be followed in States enacting laws and entering into compacts pursuant to this Act; and (3) for administrative expenses of the Department of Agriculture in connection with a program in Puerto Rico similar to that which would be followed in States producing cigar tobacco and enacting laws and entering into compacts pursuant to this Act. Of the \$300,000 authorized for this purpose, however, only \$511 was expended (fiscal year 1937).

(k) SPECIAL DEPOSITS - COTTON

The schedules in the Budget under this heading reflect financial transactions in connection with the acquisition and disposition of spot cotton and cotton futures contracts by the Secretary of Agriculture, as provided for by part 1, title I, of the Agricultural Adjustment Act of May 12, 1933, as amended. All spot cotton and future contracts were sold or disposed of prior to January 1, 1937. Operations in connection with the liquidation of this program were completed on June 30, 1937.

FEDERAL SURPLUS COMMODITIES CORPORATION

(a) Funds transferred from "Exportation and Domestic Consumption of Agricultural Commodities, Department of Agriculture, 1938"

Received by transfer from "Exportation and Domestic Consumption of Agricultural Commodities, Department of Agriculture, 1938" \$19,000,000
 Allotment to "Salaries and Expenses, Division of Disbursement"
 (Treasury Dept. -2,500
 Total available, 1938 \$18,997,500

Estimated transfer from "Exportation and Domestic Consumption of Agricultural Commodities, Department of Agriculture, 1939" 15,000,000
 Budget allotment to "Salaries and Expenses, Division of Disbursement"
 (Treasury Dept.) -2,500
 Budget Estimate, 1939 14,997,500
 Decrease. 4,000,000

PROJECT STATEMENT

Projects	1938 (Estimated)	1939 (Estimated)	Increase or decrease
1. Office administration.....	\$37,890	\$47,360	+\$9,470
2. Procurement control.....	246,692	271,507	+24,815
3. Distribution control.....	66,570	79,150	+12,580
4. Fiscal control.....	151,515	145,518	- 5,997
5. Purchase and distribution of commodities.....	18,494,833	14,453,965	-4,040,868 (1)
Total.....	18,997,500	14,997,500	-4,000,000

INCREASES OR DECREASES

The decrease of \$4,000,000 indicated in the ordinary funds of the Federal Surplus Commodities Corporation for 1939 consists of:

(1) An apparent reduction of \$4,040,868 for the purchase, handling, etc., of surplus agricultural commodities. As a matter of fact, no accurate estimate can be made at this time of programs to be undertaken in 1939 because of practical difficulties in forecasting commodity market emergencies, their extent, the effect of present programs, and the rapidly changing supply conditions primarily due to weather and other natural hazards.

It is estimated that under average conditions approximately \$15,000,000, the amount shown in the Budget estimates, will be needed for this activity.

(2) An increase of \$40,868 for administrative expenses. Administrative expenses in 1938 are paid from funds transferred to the Corporation by the Secretary of Agriculture and from funds available from contributions by State relief administrations, according to the manner in which program expenses are paid. In 1939 a larger percentage of the total administrative expenses will be payable from Department of Agriculture funds transferred to the Corporation, due to the fact that it is expected a smaller amount will be available from contributions by States.

GENERAL STATEMENT OF OPERATIONS

The Federal Surplus Commodities Corporation was continued until June 30, 1939, as an agency of the United States under the direction of the Secretary of Agriculture by the Act of June 28, 1937 (50 Stat. 323), to carry out the provisions of clause (2) of section 32 of the Act approved August 24, 1935 (49 Stat. 774), as amended.

The operations consist of purchasing, processing, storage, handling, transporting, and disposing of surplus agricultural commodities and products for relief. Products handled consist of livestock, dairy products, grain, citrus fruits, and general crops such as potatoes, apples, beans, etc.

(b) Federal Surplus Commodities Corporation (Additional Corporation Funds)

(Funds available from contributions by State relief administrations)

PROJECT STATEMENT

Projects	1937	1938 (Estimated)	1939 (Estimated)	Increase or decrease
<u>Federal Surplus Commodities Corporation:</u>				
1. Office administration.....	\$74,124	\$46,526	\$37,885	- \$8,641
2. Procurement control.....	220,652	212,229	144,448	- 67,781
3. Distribution control.....	115,398	69,826	64,420	- 5,406
4. Fiscal control.....	199,777	152,589	105,067	- 47,522
5. Purchase and distribution of commodities.....	3,549,682	2,992,830	4,056,350	+1,063,520
Total.....	4,159,633	3,474,000	4,408,170	934,170

(c) Foreign service pay adjustment (appreciation of foreign currencies) (transfer to Federal Surplus Commodities Corporation)

The Budget schedule covers the sum of \$2,627 transferred to the Corporation during 1937; no allotments are anticipated for 1938 or 1939.

FARM TENANT ACT

The Third Deficiency Appropriation Act, fiscal year 1937, carried, under the title "The Bankhead-Jones Farm Tenant Act," the following paragraph:

"to enable the Secretary of Agriculture to carry out the provisions of the Bankhead-Jones Farm Tenant Act, approved July 22, 1937, \$10,000,000 as authorized by title I of such Act relating to farm tenancy, and \$10,000,000 as authorized by title II of such Act relating to the development of a program of land conservation and land utilization including the retirement of submarginal lands; in all, fiscal year 1938, \$20,000,000."

In the estimates for 1939, a group of three items are submitted, under the general title of "Farm Tenant Act," with three subheads - (a) "Farm Tenancy" (covering title I of the Tenant Act, for tenancy loans), (b) "Liquidation and Management of Resettlement Projects" (title IV), and (c) "Land Utilization and Retirement of Submarginal Lands" (title III).

Responsibility for carrying out the purposes of title I (tenancy loans) and title IV (liquidation and management of resettlement projects) has been placed by the Secretary of Agriculture in the Farm Security Administration (formerly the Resettlement Administration), and the duty of administering the work under title III (submarginal land program) has been assigned to the Bureau of Agricultural Economics.

A. FARM SECURITY ADMINISTRATION
(Formerly Resettlement Administration)

(a) FARM TENANCY

Appropriation, 1938 (Third Deficiency	
Appropriation Act, fiscal year 1937).....	\$10,000,000
Budget Estimate, 1939	<u>15,000,000</u>
Increase	<u>5,000,000</u>

PROJECT STATEMENT

Projects	1937	1938 (Estimated)	1939 (Estimated)	Increase
1. Tenancy loans	- - -	\$9,500,000	\$14,250,000	\$4,750,000 (1)
2. Technical and administrative services, including county committees	- - -	500,000	750,000	250,000 (2)
Total appropriation.	- - -	10,000,000	15,000,000	5,000,000

INCREASES

The increase of \$5,000,000 for 1939 consists of:

(1) An increase of \$4,750,000 for extending the tenancy loan program into a larger number of counties and making available the benefits of tenancy loans to an increased number of farmers, farm laborers, sharecroppers, and other individuals eligible for such assistance under the provisions of Title I, Bankhead-Jones Farm Tenant Act. The program for the current fiscal year will permit assistance to not more than 2,000 farmers or other eligible individuals in approximately 300 counties. Since the number of farm tenants is increasing at the rate of approximately 40,000 per annum, expansion in the tenant loan program is essential in order to make perceptible progress in arresting this trend. With the increased appropriation requested it would be possible to extend the loan program in the fiscal year 1939 to approximately 450 additional counties bringing the total for 1938 and 1939 up to 750 counties) and would provide funds for assisting approximately 3,000 additional farmers to become farm owners (bringing the total of farmers thus served in 1938 and 1939 to 5,000).

The following table shows the allotments of funds for loans, by States, for the fiscal year 1938, approximate allotments for the fiscal year 1939, and proposed increases according to the basis for equitable distribution of loans as set forth under Title I, Section 4, Bankhead-Jones Farm Tenant Act:

500

Farm Tenancy Loan Allotments by States, 1938 and Estimated
for 1939

States and Territories	Allotment, 1938	Allotment, 1939 (Estimated)	Increase
Alabama	\$615,531	\$923,296	\$307,765
Arizona	12,266	18,399	6,133
Arkansas	487,556	731,334	243,778
California	90,963	136,445	45,482
Colorado	74,163	111,244	37,081
Connecticut	7,195	10,793	3,598
Delaware	11,634	17,451	5,817
District of Columbia....	87	130	43
Florida	61,623	92,435	30,812
Georgia	635,003	952,505	317,502
Idaho	39,045	58,567	19,522
Illinois.....	311,790	467,685	155,895
Indiana	185,582	278,373	92,791
Iowa	330,561	495,841	165,280
Kansas	213,192	319,788	106,596
Kentucky.....	334,060	501,090	167,030
Louisiana.....	376,890	565,335	188,445
Maine.....	8,774	13,161	4,387
Maryland.....	45,244	67,866	22,622
Massachusetts	6,968	10,452	3,484
Michigan	109,952	164,928	54,976
Minnesota.....	215,432	323,148	107,716
Mississippi	640,595	960,893	320,298
Missouri.....	316,158	474,237	158,079
Montana	37,240	55,860	18,620
Nebraska	197,105	295,658	98,553
Nevada	1,525	2,288	763
New Hampshire	3,820	5,730	1,910
New Jersey	17,693	26,540	8,847
New Mexico	24,771	37,156	12,385
New York	76,697	115,045	38,348
North Carolina	527,586	791,379	263,793
North Dakota	103,809	155,714	51,905
Ohio	224,327	336,491	112,164
Oklahoma.....	427,919	641,878	213,959
Oregon.....	37,166	55,749	18,583
Pennsylvania	118,828	178,242	59,414
Rhode Island	2,067	3,100	1,033
South Carolina	406,165	609,247	203,082
South Dakota.....	119,859	179,789	59,930
Tennessee	416,191	624,287	208,096
Texas	917,059	1,375,533	458,529
Utah	14,182	21,273	7,091
Vermont	9,304	13,806	4,602
Virginia	213,967	320,950	106,983
Washington	46,245	69,367	23,122
West Virginia	99,815	149,723	49,907
Wisconsin	132,617	198,926	66,309
Wyoming	11,952	17,928	5,976
Alaska	519	779	260
Hawaii	87,044	130,566	43,522
Puerto Rico	94,364	141,546	47,182
Total	9,500,000	14,250,000	4,750,000

(2) An increase of \$250,000 for servicing the additional loans to be made with the \$4,750,000 increase requested for this purpose. The Bankhead-Jones Farm Tenant Act provides that the amount of loans shall be distributed equitably among the several States and Territories on the basis of farm population and the prevalence of tenancy. This requires the establishment and maintenance of a field organization to furnish the necessary technical and administrative assistance. The Bankhead-Jones Farm Act requires the appointment of a committee of three farmers in each county in which activities are carried on. While engaged in the performance of his duties each member is to be allowed compensation at the rate of \$3 per day. Allowance also is to be made for necessary traveling and subsistence expenses and for clerical assistants.

During the fiscal year 1933 the sum appropriated for such purposes will provide only for an organization consisting of a limited number of committees and technical and administrative personnel directly engaged in the work of investigating applications, investigating farms, examining abstracts of title, making loans, etc. Under the authority of the Act, during the current fiscal year a portion of such services as accounting, purchasing, negotiating contracts, voucher examination, personnel selection and appointment, etc., will be furnished through the existing organization established for the Farm Security Administration.

The increase of \$250,000, which is determined by the 5 percent limitation authorized in the Act, will be used to provide for such additional direct technical services and county committees as are necessary to carry forward the program on the basis of the Budget estimate and for such indirect technical and administrative services as are essential to carry out the provisions of the Act.

WORK UNDER THIS APPROPRIATION

1. Tenancy loans. -- The purpose of this project is to promote the more secure occupancy of farms and farm homes; to correct the economic instability resulting from some present forms of farm tenancy; to make loans in the United States and in the Territories of Alaska and Hawaii and in Puerto Rico to enable farm tenants, farm laborers, sharecroppers, and other individuals who obtain, or who recently obtained, the major portion of their income from farming operations to acquire farms.

2. Technical and administrative services, including county committees. -- The purpose of this work is to carry on the various technical and administrative activities incident to the organization of county committees, the investigation of applications, making of loans, examination of abstracts of title, establishing and maintaining suitable accounts, selection and appointment of qualified personnel, examination of security documents, etc.

(b) LIQUIDATION AND MANAGEMENT OF RESETTLEMENT PROJECTS

	Regular	Emergency	Total
Appropriation, 1938.....		\$2,996,461 (a)	\$2,996,461 (a)
Budget Estimate, 1939.....	<u>\$2,000,000</u>	<u>.....</u>	<u>2,000,000</u>
Net change	<u>+2,000,000</u>	<u>-2,996,461</u>	<u>- 996,461</u>

(a) For detailed obligations under these funds see "Emergency Funds," under head "Farm Security Administration"- Project 2-b, c, d, and e.

PROJECT STATEMENT*

Projects	1937	1938 (Estimated)	1939 (Estimated)	Increase or decrease
1. Management and collection services:				
Regular funds			\$658,674	+ \$658,674 (1)
Emergency funds.....	\$1,132,845	\$986,845	- 986,845
Total	1,132,845	986,845	658,674	- 528,171
2. Supervision of land development and property maintenance:				
Regular funds			1,341,326	+1,341,326 (2)
Emergency funds	2,305,932	2,009,616	-2,009,616
Total	2,305,932	2,009,616	1,341,326	- 668,290
Total obligations:				
Regular funds.....			2,000,000	+2,000,000
Emergency funds.....	3,438,777	2,996,461	-2,996,461
Total	3,438,777	2,996,461	2,000,000	-996,461

*For a statement of obligations in 1937 and estimated obligations in 1938 for architectural, engineering, and inspection services and construction and development of resettlement projects, see project statement, "Emergency Funds," under the general head "Farm Security Administration."

INCREASES

The 1939 estimate provides for a new appropriation of \$2,000,000 for liquidating and managing resettlement projects, which have been financed heretofore entirely under emergency funds. The \$2,000,000 would be allocated as follows:

(1) \$658,674 for the management and collection services of the resettlement projects which will be completed and occupied. When the current construction and development program is completed, there will be more than 120 projects located throughout the continental United States which will provide homes and farms for approximately 14,000 families. In order to protect the Government's interest in these 14,000 units, it will be necessary to

maintain an organization to manage and operate the physical properties and to collect the monthly rents or payments toward purchase of the individual farms and homes. In addition to the rural projects, the Farm Security Administration has suburban demonstration projects in the vicinity of three congested areas to provide homes for low-income industrial and farm families. These projects demonstrate the combined advantages of rural and urban life for low-income families. Provision is made for living facilities and utilities common to cities, together with gardens and natural wooded and other recreational areas.

(2) \$1,341,326 for services relating to the protection of Federal property represented by the investment in completed and occupied projects. After the completion of the construction and development work on resettlement projects, there will remain the important task of protecting the Government's investment by a constant and thorough supervision of the maintenance of the physical properties. It will be necessary to make needed repairs, instruct individuals in proper methods of maintaining and preserving their farms and homes, and, in general, prevent a deterioration or abnormally rapid physical depreciation of properties in which the Government has an equity.

WORK UNDER THIS APPROPRIATION

General. - The purpose of this appropriation is to administer, maintain, and operate those resettlement projects and rural rehabilitation projects for resettlement purposes which have been completed or are now in the process of construction or development.

1. Management and collection services.--The object of this activity is to recover the greatest possible return on the funds invested in resettlement projects through adequate management of the properties, supervision of the project cooperative associations, and prompt collection of rents, payments toward purchase of units, and repayment of loans. The work involves the employment of project managers, specialists, and other skilled personnel.

2. Supervision of land development and property maintenance. - This work is performed by a staff of competent maintenance and development personnel. This group works with the project managers and other field employees on the projects. They are responsible for the proper maintenance and repair of the thousands of homes, barns, community buildings, and other structures and improvements under existing resettlement projects.

PASSENGER-CARRYING VEHICLES

No purchases of passenger vehicles are anticipated under this item for 1939. It is expected that expenditures will be confined to the operation, maintenance, and repair of 94 vehicles now used by the field staff engaged in the operation and supervision of resettlement projects.

B. BUREAU OF AGRICULTURAL ECONOMICS

(c) LAND UTILIZATION AND RETIREMENT OF SUBMARGINAL LAND

Appropriation, 1938 (Third Deficiency Act,
fiscal year, 1937)..... \$10,000,000
Budget estimate, 1939 10,000,000

PROJECT STATEMENT

Projects	1937	1938 (Estimated)	1939 (Estimated)	Increase or decrease
1. Development of land-conservation and utilization programs .	--	\$432,797	\$500,000	\$67,203 (1)
2. Acquisition of land	--	8,000,000	7,660,000	-340,000 (1)
3. Improvement, protection, and supervision of land acquired...	--	1,567,203	1,840,000	272,797 (1)
Total appropriation.....	*	10,000,000*	10,000,000	--

* Under this title obligations were also incurred under allotments to the Farm Security Administration (Resettlement Administration) provided by the Emergency Relief Appropriation Acts, as follows: 1937, \$29,870,728; 1938, \$12,763,574. (See Farm Security Administration - Emergency Funds.)

INCREASES OR DECREASES

(1) There is no increase submitted under this appropriation for 1939, but the nature of the work will require readjustments between projects now estimated as follows: An increase of \$67,203 on Project 1, "Development of land-conservation and utilization programs," and an increase of \$272,797 on Project 3, "Improvement, protection, and supervision of land acquired," which are offset by a decrease of \$340,000 on Project 2, "Acquisition of land". The Bankhead-Jones Farm Tenant Act was not approved until July 22, 1937, and funds became available with the passage of the Third Deficiency Act on August 25, 1937. The program for 1938, consequently, could not be planned and operated on a full-year basis, and readjustments are being made in the allotments to the three projects for the fiscal year 1939 to take care of the full-year program. The increase of \$67,203 on Project 1, "Development of land-conservation and utilization programs," is necessary in order to continue and extend the work of making surveys and investigations preliminary to the program of land acquisition, examining, and classifying lands with regard to their most economic use and studying the economic situation in each area in which it is proposed to purchase land. This will permit the continuation of the work over the full fiscal year at a rate comparable to that possible with the funds available for less than a full year in 1938. The funds indicated in Project 3, "Improvement, protection, and supervision of land acquired," will be necessary in order that the Bureau may be in

position to make improvements and give supervision and protection necessary for proper control and disposition of the land areas which will be acquired during 1938 and 1939 and lands which may be transferred from the Farm Security Administration (land use adjustment projects initiated prior to the Bankhead-Jones Farm Tenant Act). The decrease in Project 2, "Acquisition of land," is necessary in order to provide for the additional funds necessary to carry the work under projects 1 and 3 for a full fiscal year.

WORK UNDER THIS APPROPRIATION

General.-- The purpose of this appropriation is to carry into effect the provisions of Title III of the Bankhead-Jones Farm Tenant Act of July 22, 1937.

Title III provides for the development of a program of land conservation and land utilization, including the retirement of lands which are not primarily suitable for cultivation. The work aims not only to correct maladjustments in land utilization but thereby to "assist in controlling soil erosion, reforestation, preserving natural resources, mitigating floods, preventing impairment of dams and reservoirs, conserving surface and subsurface moisture, protecting the watersheds of navigable streams, and protecting the public lands, health, safety, and welfare."

1. Development of land conservation and utilization programs.--Under the provisions of the law the Secretary of Agriculture is authorized and directed to plan and carry into effect a broad program for conserving land resources and utilizing land to the best advantage. To accomplish this objective the Secretary is empowered "to cooperate with Federal, State, Territorial, and other public agencies in developing plans for a program of land conservation and land utilization, to conduct surveys and investigations relating to conditions and factors affecting, and methods of accomplishing most effectively, the purposes of this title, and to disseminate information concerning these activities."

The development of such a national coordinated program involves, first, the examination and classification of the various types and classes of land according to their best economic, long-time use, taking into account not only soils, climate, and topography but also their adaptability to different uses, their potential income capacity, the standard of living which they will support, excessive dependence of the present occupants upon public relief and other types of public assistance, and the ability or inability of the lands to support roads, schools, etc., as evidenced by chronic tax delinquency and excessive county and State aids in proportion to taxes collected. This economic land-use classification is an essential basis for the formulation of a national program of land use, as required in the Act.

The second step is to determine what forms of public action will best serve to bring about the uses of land shown to be desirable by the economic land-use classification mentioned above and to maintain it in those uses. The measures to adopt and encourage, in cooperation with State and local agencies, will vary with different locations and situations. Such measures may be Federal and State purchase; State and local public ownership through modification of existing tax reversion laws; rural zoning; guidance in the more

judicious use of public and private credit; improvement of farm leasing arrangements; and others. The problem of conserving our land resources and insuring their employment in those uses which will protect them from destruction and at the same time permit them to make their greatest contribution to the public welfare requires that all the feasible measures for effecting sound types of land use be considered and each given its proper place in a national program of land conservation and land utilization. The effectiveness of Federal land purchase and retirement specifically authorized by the Act can be multiplied many times over when supplemented by complementary measures such as those enumerated above.

Third, there must be coordination of Federal-State land-conservation and land-utilization programs of action. Many of the means for preventing or eliminating the misuse of land fall within the domain of autonomous State action. A great many States have become conscious of the land-use problem within their boundaries and have undertaken the formulation of policies and programs designed to correct land misuse. The attainment of the objective of a national program of land conservation and land utilization will require, therefore, a close cooperation of the Federal, State, and local governments in the development of a coordinated program and in joint endeavors to implement within their respective fields of operation the coordinated program thus cooperatively developed.

The broader service emphasized in the foregoing aspects of land use is of particular importance to the program of the Soil Conservation Service, the Agricultural Adjustment Administration, the Bureau of Public Roads, and the rural rehabilitation and tenancy work of the Farm Security Administration.

2. Acquisition of land.--The Bankhead-Jones Farm Tenant Act provides for the acquisition, by purchase or other means, of submarginal land and land not primarily suitable for cultivation. The program for the year 1938 (see table which follows) emphasizes particularly the acquisition of land in "project"* areas approved by the Secretary of Agriculture in the Great Plains area and provides also for limited purchases of essential key tracts located within the approved boundaries of the land-use adjustment "projects" established prior to the passage of the Act.

Under the 1938 program it is expected that at least 2,500,000 acres of land will be appraised and that options can be accepted for about 2,100,000 acres at a total cost of \$7,379,350 for the land and \$620,650 for that part of the acquisition expenses which will be incurred prior to June 30, 1938, in the process of clearing titles and effecting payment to the vendors. While the Bureau expects to accept options for approximately 2,100,000 acres, title to only approximately 500,000 acres can be vested in the Government prior to June 30, 1938, due to the time required to complete the necessary intervening steps. On the basis of the length of time normally required to consummate purchases, and by reason of the short period within which operations can be conducted in 1938, it is estimated that 60 percent of the total acquisition costs to complete the purchase of land for which options are accepted in 1938 will be incurred under the appropriation for the fiscal year 1939.

*The quoted term "project" as used in this statement refers to a unit of field operations concentrating attention on land acquisition and development of better uses within the boundaries of a large area, in accordance with a well-defined plan for the area as a whole.

For the fiscal year 1939, in addition to completing the purchase of 1,600,000 acres under options accepted prior to July 1, 1938, the program plans provide for the initiation of purchases for approximately 1,300,000 additional acres of land. (See table which follows). Considerable emphasis will again be placed upon the Great Plains area, and it is expected that half of the land purchase money estimated for 1939 will be applied to that area. Purchases outside the Great Plains will probably involve the establishment of about 20 new land-use adjustment "projects" at an average of 20,000 acres each.

It is estimated that the average cost per acre of the land to be purchased during 1939 will be \$4.85. The per-acre cost of land in 1938, about four-fifths of which is to be acquired in the Great Plains area, is estimated at \$3.50.

The lands to be acquired for new "projects" and for extensions of previously approved areas in 1939 will involve the appraisal of approximately 1,700,000 acres and the acceptance of options for approximately 1,300,000 acres, at a cost of \$6,298,500 for the land. Expenses of acquisition in 1939 are expected to amount to \$1,361,500 and will involve the completion of acquisition work on the majority of the tracts for which options were accepted in 1938, appraising and accepting options on additional tracts, and completing title clearance and payment for a substantial proportion of the 1939 acreage. During the fiscal year 1939 the Government will probably acquire title to approximately 2,000,000 acres of land under this program. The final stages of title-clearance work on the remaining 900,000 acres of land will therefore carry over into the fiscal year 1940.

The following statement shows the manner in which the activities and costs will be distributed over the fiscal years 1938 and 1939.

	Fiscal Year 1938	Fiscal Year 1939
<u>Acquisition Program, Fiscal year 1938</u>		
Appraisal - acres	2,500,000	--
Options accepted - acres	2,100,000	--
Title acquired (1938 options) - acres	500,000	1,600,000
Cost per acre	\$3.50	--
Cost of land	\$7,379,350	--
Acquisition costs (1938 projects)	\$620,650	\$790,500
Total obligations, 1938	\$8,000,000	--
<u>Acquisition Program, Fiscal year 1939</u>		
Appraisal - new projects - acres	--	1,700,000
Options accepted - acres	--	1,300,000
Title acquired (1939 options) - acres	--	400,000(a)
Cost per acre	--	\$4.85
Cost of land	--	\$6,298,500
Acquisition costs (1939 projects)	--	\$571,000
Total obligations, 1939	--	\$7,660,000

(a) Acquisition of title on remaining 900,000 acres bought in 1939 will be completed in 1940.

3. Improvement, protection, and supervision of land acquired.---This activity contemplates the conduct of a limited amount of improvement or development work that may be desirable in converting the acquired land to a better use, as, for example, reseeding, fencing, etc.

All the "projects" started in 1938, in addition to the twenty "projects" to be established in 1939, will require adequate supervision of operations that are undertaken and provision for the management, control, protection, etc., of the lands being acquired. In 1939 this will involve supervision and coordination in carrying out the details of the various types of adjustments proposed in accordance with well-defined plans for each individual "project". Additional technical supervision of development operations will be necessary on those projects where improvements are undertaken.

It will be necessary to maintain this supervision over the purchased land and give it protection until such time as proper arrangements may be made for the eventual administration of the several "project" areas by appropriate public agencies. It is anticipated that a large number of the "projects" lying outside the Great Plains will be transferred to other agencies for administration upon completion of the acquisition work, or, in some cases, after the completion of the development phase of the "projects." In the case of many of the "projects", especially those within the Great Plains, it may be found best to have their administration continue in the Bureau of Agricultural Economics because of the predominance of farm-management considerations. The acquisition program in the Great Plains during 1938 will result in obtaining an interest in approximately 1,800,000 acres, most of which will require some measure of protection and administration before the close of 1938. A total of 15 land-use adjustment "projects" established and developed prior to the Bankhead-Jones Farm Tenant Act, and located within the Great Plains region, may require administration by the Bureau of Agricultural Economics throughout the fiscal year 1939. These old "projects" involve approximately 3,600,000 acres. It is proposed to simplify the work of administration and lessen its cost, so far as practicable, by leasing the lands acquired to cooperative grazing associations, soil conservation districts, and other local agencies.

PASSENGER-CARRYING VEHICLES

The 1939 estimates for land utilization and retirement of submarginal lands contemplate the replacement of 10 wornout cars at an average cost of \$500 each when the exchange allowances are taken into account, making a total of \$5,000. Forty cars are on hand at the present time, and it is estimated that during 1939 it will be necessary to replace ten of these.

The use of passenger-carrying cars is necessary to the efficient conduct of the field work under this Act.

The law provides for acquiring submarginal land and land not primarily suitable for cultivation. It provides also for protection, improvement, development, and supervision of land to be acquired. This type of work cannot be performed efficiently without the use of passenger-carrying cars, since it is necessary to travel through country districts where no form of public transportation is available.

FARM SECURITY ADMINISTRATION *
(Formerly Resettlement Administration)

*For activities of the Farm Security Administration under Titles I and IV of the Bankhead-Jones Farm Tenant Act (relating to Farm Tenancy and Liquidation and Management of Resettlement Projects), see notes under the head "Farm Tenant Act." The Budget for Title III Farm Tenant Act funds, for the submarginal-land program, administered by the Bureau of Agricultural Economics, also is shown under the heading "Farm Tenant Act".

(a) GREATER TEXAS AND PAN AMERICAN EXPOSITION

(Transfer to Farm Security Administration (Resettlement
Administration) Act of April 9, 1937)

A transfer of \$2,000 was made to the Farm Security Administration for participation in the Greater Texas and Pan American Exposition held in Dallas, Texas, during the fiscal years 1937 and 1938. Of this amount, \$177 was obligated during the fiscal year 1937 and a balance of \$1,823 remained unobligated on June 30, 1937.

This transfer was for the purpose of employing personnel and purchasing materials necessary in designing, repairing, and assembling educational exhibits portraying activities of the Farm Security Administration and for installing, demonstrating, and maintaining these exhibits at the Greater Texas and Pan American Exposition, Dallas, Texas, and for their return to the custody of the Administration.

(b) GREAT LAKES EXPOSITION

(Transfer to Resettlement Administration,
Act of May 15, 1936)

A transfer of \$5,000 was made to the Resettlement Administration for participation in the Great Lakes Exposition held in Cleveland, Ohio, during the years 1936 and 1937. Of this amount, \$2,278 was obligated and \$2,722 was returned to the Commission in charge of the Great Lakes Exposition.

This transfer was for the purpose of employing personnel, purchasing materials, and the making of contracts necessary in designing, preparing, assembling, transporting, installing, demonstrating, and arranging for the safekeeping of the Administration's exhibits at the Great Lakes Exposition and their return to the custody of the Administration.

(c) INTERNATIONAL EXPOSITION, PARIS, FRANCE

(Transfer to Farm Security Administration (Resettlement
Administration), 1936-1938, as provided by Public Reso-
lution No. 8 (S.J. Res. 70), 75th Congress, approved
February 25, 1937)

A transfer of \$600 was made to the Farm Security Administration for the purpose of preparing and assembling an exhibit for the Farm Security Admini-

stration in connection with its participation in the International Exposition at Paris, France, in the year 1937. Of this amount, \$179 was obligated in 1937 and the balance of \$421 was returned to the Commission in charge of the International Exposition of Paris, France.

(d) TEXAS CENTENNIAL EXPOSITION

(Transfer to Farm Security Administration (Resettlement Administration, Act of August 12, 1935)

A transfer of \$5,000 was made to the Farm Security Administration for participation in the Texas Centennial Exposition held in Dallas, Texas, during the years 1936 and 1937. Of this amount \$936 was obligated during the fiscal year 1936 and \$2,267 during the fiscal year 1937. The amount of \$1,632 was returned to the Commission in charge of the Texas Centennial Exposition during the fiscal year 1937, and it is planned to return the balance of \$165 to the Commission during the fiscal year 1938.

This transfer was for the purpose of employing personnel, purchasing materials, and the making of contracts necessary in designing, preparing, assembling, transporting, installing, demonstrating, and arranging for the safekeeping of the Administration's exhibits at the Texas Centennial Exposition and their return to the custody of the Administration.

TRUST ACCOUNT

(e) PAYMENTS IN LIEU OF TAXES AND FOR OPERATION
AND MAINTENANCE OF RESETTLEMENT PROJECTS

As provided for by Section 3 of the Act of Congress approved June 29, 1936 (49 Stat. 2035), receipts derived from the operation of any resettlement project or any rural rehabilitation project for resettlement purposes are covered into the United States Treasury and constitute a special fund, which is available to the Farm Security Administration for payments in lieu of taxes to States, political subdivisions, and local taxing units and for any other expenditures for the operation and maintenance (including insurance) of such projects. The receipts made available will be used, as provided for under the Act, to make payments in lieu of taxes and to defray the costs of insurance and special and miscellaneous expenses on resettlement projects and rural-rehabilitation projects for resettlement purposes. Obligations hereunder for 1937 and estimates for 1938 and 1939 are as follows:

1937	\$21,463
1938	682,438
1939	1,436,520

TRUST ACCOUNT(f) STATE RURAL REHABILITATION CORPORATION
FUNDS

Prior to the fiscal year 1937 there was established by the majority of the States a State Rural Rehabilitation Corporation in each State to administer the rural-rehabilitation program therein. During the fiscal years 1937 and 1938 a majority of these States and their State Rural Rehabilitation Corporations, acting through the respective corporations' directorates, entered into individual agreements with the United States Government, acting through the Secretary of Agriculture, whereby the funds, property, assets, and liabilities of the State Rural Rehabilitation Corporations were transferred in trust to the Department of Agriculture to be made available for rural-rehabilitation purposes within the respective States.

The funds transferred and all amounts subsequently collected in behalf of the State Rural Rehabilitation Corporations have been deposited in special trust accounts in the Treasury of the United States. After transfer of the State Rural Rehabilitation Corporation assets, the Farm Security Administration, acting for the Secretary of Agriculture, during the fiscal years 1937 and 1938 has endeavored to convert all excess assets of the State Rural Rehabilitation Corporations into cash and to collect as much as economically possible on outstanding loans and other receivable accounts of the State Rural Rehabilitation Corporations. All funds thus made available for rural-rehabilitation purposes during the fiscal year 1937 were, in accordance with the transfer agreements, used for the payment of obligations incurred during that year for the construction and development of State Rural Rehabilitation Corporation-owned property and for making loans to State Rural Rehabilitation Corporation clients, and the same disposition will be made of funds received during the fiscal year 1938.

Due to the efforts of the Farm Security Administration during the fiscal years 1937 and 1938, the asset items more easily liquidated were liquidated and the proceeds therefrom were and are being used for purposes of rural rehabilitation. For that reason it is estimated that the collections during the fiscal year 1939 will be considerably under those during the fiscal year 1938 and will be principally derived from collections of 3 to 5 year loans maturing in part during the latter part of the fiscal year 1938 and during the fiscal year 1939, collections of rents, and other income from State Rural Rehabilitation Corporation-owned property and collection of the more difficult delinquent accounts not collected during the fiscal years 1937 and 1938. All amounts collected during the fiscal year 1939 will be necessary for the payment of obligations to be incurred during the fiscal year 1939 for the maintenance of State Rural Rehabilitation Corporation accounts, the making of a minimum of supplemental loans to already existing State Rural Rehabilitation Corporation loan clients, and for the management and maintenance of State Rural Rehabilitation Corporation-owned property already constructed and developed.

Obligations incurred under this fund in 1937 and amounts estimated for 1938 and 1939 are:

1937	\$1,158,709
1938	14,725.225
1939	5,455,000

SUPPLEMENTAL FUNDS

(1) A.A.A. ALLOTMENTS

Project	Estimated obligations, 1938
Conservation and Use of Agricultural Land Resources (transferred to Farm Security Administration): For supplies and materials in connection with agricultural conservation program	\$250

(2) EMERGENCY FUNDS

(Allotments from appropriations provided by the Emergency Relief Appropriation Acts of 1935, 1936, and 1937)

Projects	Obligated, 1937	Estimated obligations, 1938
1. Rural rehabilitation:		
a. Loans	\$65,756,331	\$57,054,234
b. Grants	33,733,360	20,550,000
c. Investigation of applications, and making, collecting, and supervising loans and grants	7,850,128	5,397,753
d. Voluntary farm debt adjustment	2,049,651	1,297,737
e. Individual farm and home management assistance	8,756,479	7,243,656
Total, rural rehabilitation	118,145,949	91,543,380
2. Resettlement projects:		
a. Architectural engineering, and inspection service, and construction and development	54,657,686	23,261,394
b. Management and collection service	484,508	477,897
c. Farm management assistance	1,361,926	1,144,674
d. Community and family assistance	1,177,087	955,794
e. Property maintenance	415,256	418,096
Total, resettlement projects	58,096,463	26,257,855
3. Land utilization	29,870,728	12,763,574
Total, Emergency Funds	206,113,140	130,564,809

WORK UNDER EMERGENCY APPROPRIATIONS

1. Rural Rehabilitation. - The basic element of rural rehabilitation is that of aiding destitute and low-income farm families through a system of supervised credit. Funds made available for rural rehabilitation are used to make loans to farm owners, farm tenants, sharecroppers, and other individuals who obtain, or who recently obtained, the major portion of their income from farming operations and who cannot obtain credit on reasonable terms from any lending institution to enable such eligible individuals to acquire livestock, farm equipment, and supplies, or for other farm needs (including minor improvements and minor repairs to real property); for the refinancing of chattel mortgage indebtedness, or for family subsistence; to provide direct relief to eligible individuals for subsistence purposes; and to assist in the voluntary adjustment of indebtedness between farm debtors and their creditors.

Rural-rehabilitation loans of approximately \$57,054,234 are expected to be made during the fiscal year 1938 from allocations of emergency funds. This amount will be used in making initial rural-rehabilitation loans to new rural-rehabilitation clients, many of whom are now receiving direct relief, and in making supplemental loans to present rural-rehabilitation clients.

It is estimated that there are over one million low-income farm families eligible for this assistance. Of these less than one-third have received assistance through rural-rehabilitation loans.

Subsistence grants of approximately \$20,550,000 are expected to be made during the fiscal year 1938 from allocations from emergency funds. This entire amount will be necessary in making direct relief grants to destitute and low-income farm families for whom farm and home plans cannot be developed or who are the victims of drought, flood, or other catastrophies. Subsistence grants provide human subsistence to rural families who are victims of drought, flood, and other regularly occurring catastrophies and are administered as direct relief upon investigation and determination of need.

During the fiscal year 1938 it is estimated that the investigation of applications and the making, collecting, and servicing of loans and grants will cost \$5,397,753, which amount will be financed from allocations of emergency funds. This work will not only include and be performed relative to the loans and grants made during the fiscal year 1938 but also those loans made during the fiscal years of 1935, 1936, and 1937 which require constant supervision and servicing. It is estimated that the outstanding balances due to the Government on rehabilitation loans at the end of the fiscal year 1938 will be approximately \$140,000,000.

In order to comply with the provisions of the Executive Orders and Administration Orders defining the administration of rural rehabilitation, it is necessary to investigate the need and eligibility of each individual farm family applying for such assistance in the form of a loan or a grant; to prepare a farm and home plan or a budget to be

used as a basis of approval of such loan or grant and as a guide in the appropriate use of such loan and grant proceeds by the accepted client; to reinvestigate each client on the proposed renewal or extension or supplementing of such loan or grant at the expiration of the period for which originally made; to prepare notes, mortgages, and other evidences of indebtedness offered by clients; to inspect leases for terms of tenure and to search county records for liens on property offered as security for loans; to record liens and mortgages taken by the Farm Security Administration to secure such loans; to service and collect repayments on loans when due from the proceeds of crops, livestock, and livestock products when harvested or marketed; to repossess and sell chattels and crops of clients who abandon their farm operations or who fail to comply with the terms of their farm plans, budgets, or loan agreements; to make receipts for and remit to the Treasury loan repayments and proceeds of sale of repossessed chattels and crops; and to account for, record, and audit such transactions in county, regional, and Washington offices.

A majority of the loan clients accepted during the fiscal years 1935, 1936, and 1937 will be serviced by the preparation of revised farm and home plans and budgets in connection with supplemental loans. These clients will also be serviced by the preparation of renewals and extensions of notes and mortgages, as well as new notes and mortgages, and in the making of collections and remittances, also in repossession, resale of mortgaged property, and remittance therefrom.

The rural-rehabilitation loans which are made by the Farm Security Administration are with few exceptions small short-term loans of from two to five years. The loans generally call for repayments during the period of the loan. The initial rural-rehabilitation loans were made during the early part of the fiscal year 1936 and the first repayments thereon were not due until the latter part of that fiscal year. There is set forth below a table for the fiscal years 1936, 1937, 1938, and 1939 showing the amounts of both principle and interest which have been or which it is expected will be collected on rural rehabilitation loans. The estimated collections shown for the fiscal years 1938 and 1939 take into consideration the additional rural-rehabilitation loans, both initial and supplemental, which will be made during the balance of the fiscal year 1938 from emergency funds which are now available. As of June 30, 1937, of the loans made as of that date, \$51,001,285 thereof had matured, of which there had been collected \$24,838,826, or 48.7 percent, and, as of October 31, 1937, of the loans made as of that date, \$65,185,584 thereof had matured, of which there had been collected \$35,050,184, or 55.66 percent. The percentage of collections of the amounts which have matured is gradually increasing and it is expected that in excess of 70 percent of the amounts which mature will be collected.

Collections on Rural Rehabilitation Loans

Year	Principle	Interest	Total
1936	\$991,875	\$9,939	\$1,001,814
1937	22,089,409	923,128	23,012,537
1938(estimated)	33,327,585	1,169,229	34,496,814
1939(estimated)	40,601,825	1,557,184	42,159,009

Voluntary farm-debt adjustment service during the fiscal year 1938 will cost approximately \$1,297,737, financed from emergency funds. This work consists largely in carrying on debt-adjustment activities between farmer debtors and creditors, with a view to bringing excessive debts within the ability of the debtor farmer to refinance or repay. A large number of farmers eligible for rehabilitation services, as well as many farmers in higher income brackets, have burdensome debts which they are unable to pay. These debts include grocery and clothing bills, medical and veterinary bills, feed, fertilizer, and equipment bills, and chattel and real-estate mortgages or interest thereon. In order to make a sound loan to a client or place a non-client farmer in a position where he can operate his farm without danger of foreclosure, it is necessary to adjust his debts by extension, reduction, or refinancing according to his ability to pay.

Individual farm and home management assistance provides for assistance to and cooperation with rural-rehabilitation clients in the purchase of appropriate equipment, livestock, fertilizers, and other operating goods as specified in their loan agreements; and for regular and periodic assistance to clients in management practices specified in their farm and home plans, including land use, labor use, agricultural conservation, and soil-erosion control; the use of certified seed, purebred sires, high-analysis fertilizers, and feed rations; livestock management, crop cultivation, feed production, gardening, food conservation; home production, preparation, and conservation of meat, eggs, and milk; clothing preparation; health and sanitation; and participation in equipment, livestock breeding, food preservation, and other group and cooperative services. During the fiscal year 1938 it is estimated that this service will cost approximately \$7,243,656.

While clients are required to give security for their rural-rehabilitation loans, they are unable to obtain credit from other sources. Assistance and guidance in farm and home management practices are necessary so that the client will be able to manage his own farm successfully under approved agricultural practices. Supervision is required to protect the expenditure of Government funds and prevent loss and dissipation by improper management by the client.

2. Resettlement Projects. - On June 30, 1937, there were 122 active resettlement projects which will provide homes for approximately 14,000 families. These include several projects transferred to the Farm Security Administration from the former Division of Subsistence Homesteads, Department of the Interior, others from the Federal Emergency Relief Administration, and new projects planned and developed entirely by the Farm Security Administration. Of these projects, 38 were completed on June 30, 1937, providing homes for 1,957 families, and the balance of 84 projects are under way and are expected to be completed during the fiscal year 1938.

During the fiscal year 1937, 4 projects were conveyed by the Administration to local homestead associations which serve as operating agencies under the general guidance of the Administration. The projects conveyed were: Decatur Homesteads, Indiana; Hattiesburg Homesteads, Mississippi; Meridian Homesteads, Mississippi; and Phoenix Homesteads, Arizona. These four projects, in addition to 8 projects conveyed prior to July 1, 1936, make a total of 12 projects conveyed to Homestead Associations to June 30, 1937. In addition, 6 homestead associations have been formed and plans for the conveyance of the

projects to these associations are now progressing. It is contemplated that during the fiscal year 1938 additional homestead associations will be formed and additional projects will be conveyed by the Farm Security Administration to local homestead associations.

In accordance with the plans of this Administration, it is estimated that all major construction and development work, including architectural and engineering planning and inspection services relative to all resettlement projects which have been assumed or initiated by the Farm Security Administration, will be completed during the fiscal year 1938. For this purpose it is estimated that funds in the amount of \$23,261,394 will be required and are available from allocations of emergency funds.

During the current construction and development of the resettlement projects which are expected to be completed during the fiscal year 1938, and in connection with the resettlement projects which have been completed to date, it has been and is necessary, in order to protect the Government's interest therein, to maintain an organization to manage and operate the physical properties and to collect the monthly rents and payments toward individual farms and homes. The management of resettlement projects has been and is one of the principal functions of the Farm Security Administration.

Collections of payments due the Government from clients on resettlement projects have been on the whole very satisfactory. On June 30, 1937, \$529,887.64 was due, and of this amount \$490,759.94, or 92.6 percent, had been collected. On 70 projects payments by clients will not be due until after the sale of the 1938 crop.

In addition to its rural projects program, the Farm Security Administration has a program of suburban demonstration projects in the vicinity of three congested areas to provide homes for low-income industrial and farm families. These projects demonstrate the combined advantages of rural and urban life for low-income families. Provision is made for living facilities and utilities common to cities, together with farms, gardens, and natural wooded and other recreational areas. It is expected that the major development and construction work relative to these suburban demonstration projects will be completed during the fiscal year 1938.

Basically the resettlement program is an attempt to bring economic independence to those who seek a livelihood in rural areas. Many of the families who have been rehabilitated on resettlement projects have been living on submarginal, depleted land and are unfamiliar with modern farming methods. Rehabilitation of these families is not possible without proper guidance and instruction in soil-erosion control, crop rotation, and other phases of farm management. Towards this end the Farm Security Administration is rendering farm-management assistance which will extend to the home as well as to the farm, in order to accomplish a complete and lasting rehabilitation which will result in permanently removing the families from relief rolls and to assist the farmers on resettlement projects to rehabilitate themselves and their families through the successful operation of their farms and homes.

As construction and development work is completed, there arises the important task of protecting the Government's investment by supervision and maintenance of the physical property. It is necessary to make needed repairs, instruct individuals in the proper methods of maintaining and preserving their homes and farms, and, in general, prevent a deterioration or an abnormal-

ly rapid physical depreciation of properties in which the Government has an equity. For this purpose the Farm Security Administration has employed competent project managers and other field employees on the resettlement projects, who are responsible for the proper maintenance and repair of the thousands of homes, barns, community buildings, and other structures and improvements which are located on the resettlement projects which have been completed to date and are being completed during the fiscal year 1938. The maintenance of these projects is an essential function of the Farm Security Administration.

3. Land Utilization*.--The land-utilization program conducted under emergency funds encompasses the remaining work on the acquisition of approximately 8,800,000 acres of land on 160 land-use adjustment projects (exclusive of the 400,000 acres included in the 46 recreational projects transferred to the National Park Service, November 14, 1936), the continuation of developmental work on 94 of these projects as a work-relief operation serving to restore, improve, or develop the acquired lands as a practical demonstration of the better uses to which such lands may be converted, and the conduct of essential related activities, such as planning, supervision, and management.

Of the 8,800,000 acres of land optioned and being acquired for land-use adjustment purposes, title to 4,900,000 acres (or 56 percent) had been vested in the United States by June 30, 1937. Effort is being concentrated upon the satisfactory clearing of titles to the remaining 3,900,000 acres, so that the unpaid vendors may receive payment as rapidly as possible and the United States secure full title to the entire acreage under option in the 160 purchase areas.

The land-development work, conducted on a work relief basis, on about 6,700,000 acres on the 94 agricultural-adjustment projects, in addition to improving the lands being acquired in these project areas, also provides employment to relief workers, whose numbers at one time reached a maximum of 55,000, but which during the current year will be carried on at a level of approximately 30,000 or less. Work has been carried out to date at a cost of \$675 per man-year. Achievement of the best multiple use of the submarginal land in these projects has been the objective of the development work. In the forested eastern part of the United States development of lands unsuited to crop farming is directed toward nonagricultural uses, such as forestry, recreation, and wildlife conservation. In the Great Plains and Intermountain regions, on the other hand, development of the program involves primarily the improvement of range facilities for livestock grazing.

Work will be continued during the current year (1938) in the effectuation of plans for the future administration of these areas of both Federal and State agencies. In many cases this involves consideration of agencies which had assisted in the preliminary planning stage when the projects were originally conceived. In other instances it requires careful consideration of the agencies that are well adapted and fully equipped to take over the administration of the respective project areas.

* For a statement of land-utilization work being conducted with regular appropriations under Title III of the Bankhead-Jones Farm Tenant Act, see project "Land Utilization and Retirement of Submarginal Land" (Bureau of Agricultural Economics), under the general head "Farm Tenant Act".

BELTSVILLE RESEARCH CENTER

Appropriation Act, 1938.	\$75,000
Budget Estimate, 1939.	<u>85,000</u>
Increase	<u>10,000</u>

PROJECT STATEMENT

Project	1937	1938 (Estimated)	1939 (Estimated)	Increase
Beltsville Research Center	\$74,700	\$75,000	\$85,000	+\$10,000 (1)
Unobligated balance.....	300	-----	-----	-----
Total appropriation...	75,000	75,000	85,000	+ 10,000

INCREASE

(1) An increase of \$10,000 for improvement and development of the main roads of the Beltsville Research Center.--During the past year the Bureau of Biological Survey, the Forest Service, and the Soil Conservation Service started active operations at the Center and new roads are needed to connect these areas with the existing main roads of the Center. A low-cost type of surface is employed, and the increase requested will improve approximately five miles of roads. It is necessary that the roads of the Center be maintained in good condition in order that they will be passable throughout the entire year. The original roads in the area have never been improved, except for minor maintenance, and, in consequence, they are becoming more unsatisfactory each year. Grain and other food must be delivered for the animals, fuel oil and coal must be delivered almost daily during the extreme cold weather, and in addition more than five hundred employees working at widely scattered points use the roads daily. During the winter months, under present conditions, transportation costs are greatly increased due to the lack of adequate highways and, furthermore, the essential sequence of important experimentation is frequently endangered thereby.

WORK UNDER THIS APPROPRIATION

This appropriation is utilized primarily for the development and maintenance of general service facilities of the Center, such as water, fire protection, sewage disposal, power, telephones, and roads; the purchase of trucks and farm and shop equipment; general administration of the Center and maintenance of a cost-accounting unit, a guard service, and mail and trucking services.

There are ten units of eight bureaus of the Department of Agriculture operating at the Center. Centralized management and control of the general service facilities provides major economies in maintenance and operation and permits the development of these facilities in accordance with general Department interest. Six of the units at the Center are served by a general water distribution system which provides a material



reduction in water costs and provides a means of furnishing water should the well serving any particular unit fail. This central system also makes it possible to draw on a central water system in case of fire. A fire-fighting unit equipped with motor-driven pumps, hose, and essential accessories is operated by the central organization under a "volunteer" fire-fighting type of organization. A modern sewage-disposal system provides a degree of sanitation and protection impossible to secure in any other way and in addition produces a by-product in the form of sludge that is used as fertilizer. The consolidated purchase of electric power and distribution over a Government-owned system reduces the cost an average of about 60 percent. A central switchboard serves most of the units at a lower cost than would be possible for individual service, and the efficiency of the service has been far superior to that furnished by local rural party lines. Adequate roads can be constructed and maintained at much less cost by a central organization.

A central mechanical shop is maintained for the repair and construction of buildings and miscellaneous mechanical shop work. A farm unit raises feed crops, keeps the roadsides mowed, and operates a central granary to mix and grind feed for the units of the Center. The cost of the work performed by these two units (mechanical shop and farm unit) is reimbursed by the bureaus receiving the service, but the purchase of new machinery and equipment for the use of these units is paid from the Center appropriation.

General supervision of other than technical activities, the handling of problems of business management and general operation, inter-bureau activities, and relations with the public are all provided by the Center organization. An operating engineer service circulating on the Center between 4:00 p.m. and 8:00 a.m. on week days and a 24-hour service on Sundays is maintained. This service, through the regular inspection of equipment during the period when the regular personnel is not available, has proved extremely valuable. A motorized guard service to protect the various units is also maintained. Two daily trips are made to the Department in Washington and around the Center for the delivery and pick-up of mail. Truck service, transporting surplus materials produced by various units and picking up miscellaneous orders, is maintained.

The coordination of the service facilities of the Center has made possible considerable economies and increase efficiency of the service rendered.

PASSENGER-CARRYING VEHICLE

The estimates provide authorization for the purchase of one passenger-carrying automobile at \$600, in replacement of a car purchased in 1934. This car is used by the members of the supervisory staff in making necessary visits to the various units operating at the Center for the purpose of inspecting and supervising maintenance, development, and repair work being carried on and also for the transportation of skilled workmen and laborers whose services are required during the work day. Because of the size of the Center property, work may be in progress at distances up to five miles from headquarters. To supervise these activities without tremendous loss of time and consequently prohibitive expenditures, motor-vehicle transporta-

tion is essential. This is also true in connection with the transportation of workers required for emergency service or for periods of less than a day. Because of the extremely hard usage incident to the operation of the present vehicle over rough roads and trails, it is now in very poor condition and the estimated cost of essential repairs is in excess of the justifiable expenditure.

FOREST ROADS AND TRAILS (a)

Appropriation Act, 1938	\$12,500,000
Budget Estimate, 1939	<u>7,000,000(a)</u>
Decrease	<u>5,500,000</u>

(a) The 1939 estimates for Forest Roads and Trails are included in the Budget under the section "General Public Works Program."

The Hayden-Cartwright Roads Act of June 16, 1936, authorized an appropriation of \$14,000,000 for each of the fiscal years 1938 and 1939. The \$12,500,000 appropriated in the Agricultural Appropriation Act for 1938 included \$5,500,000, the balance of the amount authorized for the fiscal year 1937, and \$7,000,000, part of the \$14,000,000 authorized for 1938, leaving \$7,000,000 of the latter authorization for later appropriation. The \$7,000,000 submitted in the budget for 1939 is the balance remaining unappropriated from the 1938 authorization to complete the discharge of obligations incurred against the 1938 authorization.

PROJECT STATEMENT

	:	:	1938	:	1939	:
Project	:	1937	:(Estimated):	:(Estimated):	:	Decrease
Forest roads and trails:	:	\$8,000,000:	\$12,500,000:	:	\$7,000,000:	-\$5,500,000(1)

DECREASE

(1) The appropriation for the fiscal year 1939 for forest roads and trails has been decreased by \$5,500,000. The \$7,000,000 remaining in the budget estimate for 1939 represents an unappropriated balance of the 1938 authorization, to complete the discharge of obligations incurred against the 1938 authorization.

CHANGES IN LANGUAGE

The paragraph for Forest Roads and Trails carried in the budget for 1939 continues the language contained in the Agricultural Appropriation Act for 1938 with the following amendments:

(1) The citations of fiscal years and amounts pertaining to the authorization by fiscal years have been changed to make the language appropriate for the fiscal year 1939.

(2) The proviso dealing with expenditures from the forest highway fund in Alaska has been eliminated.

(3) The last proviso has been amended (a) by eliminating the authority to use \$10,000 for land acquisition; this purchase will be completed in the fiscal year 1938; and (b) by making available \$50,000 from the appropriation for the completion of construction of buildings at Denver, Colorado.

WORK UNDER THIS APPROPRIATION

This appropriation is made for forest roads and trails under the provisions of Section 23 of the Federal Highway Act of November 9, 1921. It is divided into two parts - the Forest Highway fund and the Forest Road Development fund. The Forest Highway fund is expended for roads necessary to the forests but of primary importance to the States, counties, or communities within, adjoining, or adjacent to the national forests in the highway systems of the States. The Forest Road Development fund is appropriated and expended for roads, truck trails, and trails of primary importance to the administration, protection, and utilization of the national forests.

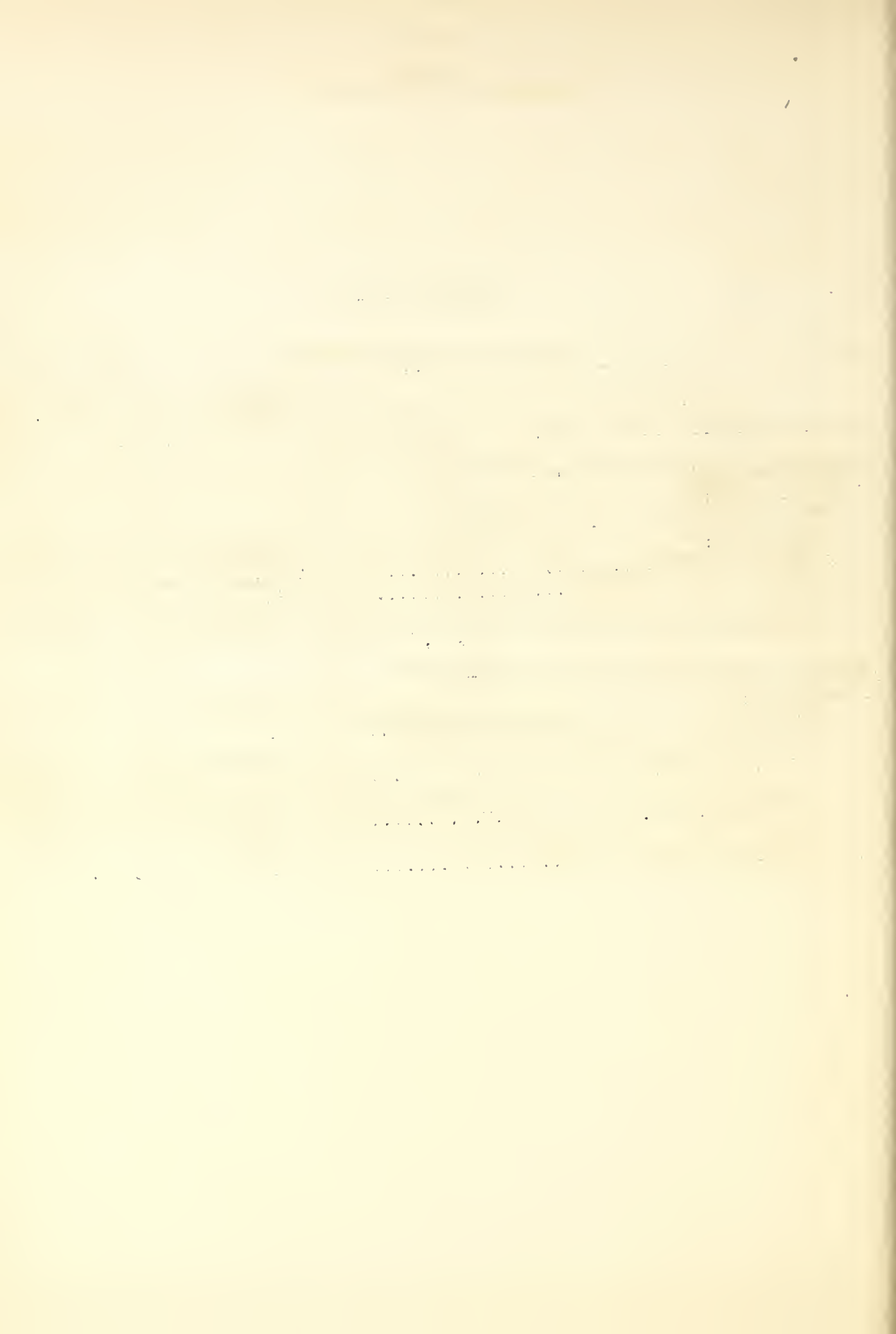
The construction and maintenance of Forest Development truck trails and trails are subordinated to the requirements of the fire-control job of the Forest Service. All members of the Forest Development survey, maintenance, and construction crews are subject to call for fire duty at all times, day or night. They are a back log for the regular fire-guard force, who are paid from the appropriation "National Forest Protection and Management" and for many forest areas constitute the sole fire-protection force exclusive of year-long employees. Construction projects are selected which will give the best possible placement of man power in bad fire country. From the recommended appropriation for 1939 no construction work will be done. Maintenance work is scheduled to coincide with the fire season and to open up areas of serious fire danger first. All crews are equipped with fire-fighting tools and emergency rations, are tied in by telephone or radio with forest supervisors' or rangers' offices, and are given training in fire-suppression methods in advance of the beginning of the fire season; and every crew is called on to assist in fire suppression from one to scores of times in a season.

The Act of June 16, 1936, provides that one-third, but not less than \$3,000,000, of the appropriation made for any fiscal year for forest roads and trails for carrying out the provisions of Section 23 of the Federal Highway Act of 1921 may be expended for Forest Road Development Projects. The balance of the appropriation would be applied to Forest Highway projects.



EMERGENCY FUNDS

Projects	Obligated 1937	Estimated obligations, 1938
<u>Emergency Appropriation Act, 1935 (Act of June 19, 1934):</u>		
Forest roads and trails, emergency construction:		
Forest highways.....	\$185,963	\$198,484
Forest road development	101,195	- - -
Total, Emergency Appropriation Act, 1935	917,158	198,484
<u>National Industrial Recovery (Public Works Allotments):</u>		
Construction of national-forest highways ..	306,530	10,500
Construction of national-forest roads, trails, bridges, and related projects ...	11,467	- - -
Total, Nat. Ind. Recovery (P.W.A.).....	317,997	10,500
Total, Emergency Funds	1,235,155	208,984



INTERCHANGE OF APPROPRIATIONS

This paragraph permits transfers, within the limitations indicated by the language thereof, between the appropriations within any bureau, division, or office. It has been carried in the bill for many years and constitutes an absolutely essential administrative arrangement, especially when emergencies arise. As required in the proviso, a statement of the transfers made under this authority during the past fiscal year is inserted in the Budget under this item.

WORK FOR OTHER DEPARTMENTS

Under this item and section 601 of the Economy Act of June 30, 1932 (13 U.S.C. 686), the Department of Agriculture renders services, such as inspections, analyses, and tests of food and other products, to other Government agencies upon request, with transfer of appropriations to the Department of Agriculture in such amounts as may be necessary for the performance of the work. Services of the character indicated are rendered to the Army, Navy, Marine Corps, Veterans' Administration, Post Office Department, and other Government agencies. In this way the most advantageous use is made, for the benefit of the Government as a whole, of the various services which the Department of Agriculture is in position to render if payment can be made therefor.

PASSENGER-CARRYING VEHICLES

The general authorization for the maintenance, operation, and repair of motor-propelled and horse-drawn passenger-carrying vehicles is continued for the next fiscal year. Specific limitations on expenditures for purchase of such motor vehicles appear in the text pertaining to the several bureaus requiring purchase of such vehicles.

FLOOD CONTROL

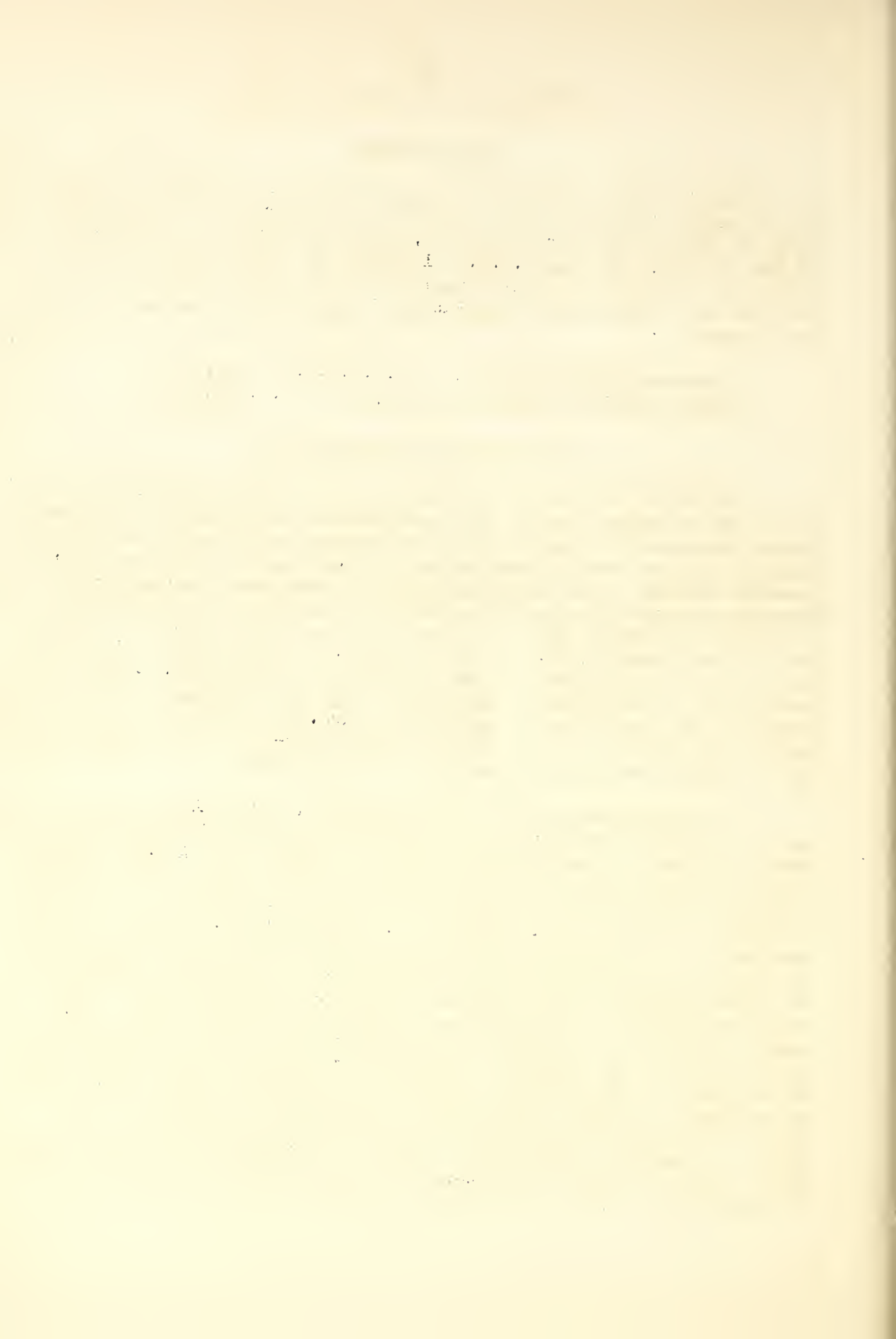
Work covering preliminary examinations and surveys for run-off and waterflow retardation and soil-erosion prevention on the watersheds of flood-control projects, authorized by the Flood Control Act of June 22, 1936 (33 U.S.C. 701a - 702k-2), is being conducted in the Department of Agriculture by transfer of funds from the War Department, provided under the General Public Works section of the Federal budget, as follows:

Allotment, 1938	\$500,000
Budget Estimate (allotment), 1939	<u>500,000</u>

WORK UNDER THIS APPROPRIATION

The Flood Control Act of 1936 directs the War Department and the Department of Agriculture to make examinations and surveys for flood-control purposes on a large number of watersheds in the United States. It authorizes an appropriation of \$10,000,000 for this purpose, to be expended equally by the two Departments. Later acts, including the Flood Control Act of August 28, 1937, directed the investigation of additional watersheds which in aggregate area now include the greater part of the country. The sum of \$500,000 for flood-control surveys was provided by transfer from the War Department in 1938, and a like sum is included in the 1939 Budget estimates of the War Department, to be transferred to the Department of Agriculture. This sum for the Department of Agriculture will be used to continue flood-control surveys already under way in various watersheds throughout the United States.

The responsibilities of the Department of Agriculture cover examinations and surveys of watersheds for run-off retardation and soil-erosion control as specified in the Flood Control Act. These examinations and surveys are to determine those measures which can be used on the land in flood control. They include the determination of specific measures to be used, the benefits to be derived, and the cost. In the carrying out of these surveys, the Department utilizes the facilities of a number of its bureaus, especially the Soil Conservation Service, the Forest Service, and the Bureau of Agricultural Economics. These organizations work together in performing the necessary work. Such work is carried out largely in the field, where close cooperation is maintained with the regional officers of the Corps of Engineers, United States Army. In Washington, coordination between bureaus, and in the preparation of reports which will be correlated with reports of the Corps of Engineers, United States Army, is maintained through the Office of Land Use Coordination, a unit in the Office of the Secretary. Final reports covering each watershed surveyed will be transmitted to the Congress.



FOREIGN SERVICE PAY ADJUSTMENT,
APPRECIATION OF FOREIGN CURRENCIES

Out of special appropriations made to the State Department, obligations were incurred under allotments made to the Department of Agriculture for carrying into effect the provisions of the Act of March 26, 1934, authorizing annual appropriations to meet losses sustained by offices and employees of the United States in foreign countries due to the appreciation of foreign currencies in relation to the American dollar, as follows:

1937	\$51,578 (including \$2,627 for the Federal Surplus Commodities Corporation)
1938 (estimated)	\$45,400
1939 (estimated)	\$37,177

MISCELLANEOUS CONTRIBUTED FUNDS, DEPARTMENT OF AGRICULTURE

This account provides for miscellaneous contributed funds received by the Department of Agriculture from States, local organizations, individuals, etc., deposited in the Treasury of the United States, and made available for carrying out various cooperative agreements. The amounts obligated thereunder during the fiscal year 1937 and estimated for 1938 and 1939 are:

1937	\$141,500
1938	140,000
1939	140,000





